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Customer Relationship Management

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DIRECTORATE OF DISTANCE EDUCATION

Palkalai Nagar, Madurai – 625 021, India

Ph : 0452 – 2458471 (30 Lines)   Fax : 0452 – 2458265

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PAPER VI: CUSTOMER RELATIONSHIP MANAGEMENT

Course Objective

UNIT – I

Definition - Concepts and Context of relationship Management – Evolution - Transactional Relationship Approach – CRM as a strategic marketing tool –Significance to the stakeholders.

UNIT – II

Customer information Database – Customer Profile Analysis - Customer perception, Expectation analysis – Customer behaviour in relationship perspectives; individual and group customers - Customer life time value – Selection of Profitable customer segments.

UNIT – III

Elements of CRM – CRM Process – Strategies for Customer acquisition – Customer Retention - Prevention of defection – Models of CRM – CRM road map for business applications.

UNIT – IV

Strategic CRM planning process – Implementation issues – CRM Tools- Analytical CRM – Operational CRM – Call centre management – Role of CRM Managers.

UNIT – V

e- CRM Solutions – Data Warehousing – Data mining for CRM – an introduction to CRM software packages.

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CUSTOMER RELATIONSHIP MANAGEMENT

UNIT I

UNIT – I INTRODUCTION
Definitions - Concepts and Context of relationship Management – Evolution - Transactional Vs Relationship Approach – CRM as a strategic marketing tool – CRM significance to the stakeholders.

What Is CRM

CRM is an acronym that stands for Customer Relationship Management. It describes the strategy that a company uses to handle customer interactions. One example of a common CRM strategy is the rewards card program offered by many supermarkets. The store gives its customers a free card that gives them access to special deals and discounts when they swipe the card during checkout. But that card also tracks everything the customer buys and allows the store to create an extremely detailed customer profile based on his or her purchasing habits. Armed with that information, the store can then offer its customers targeted coupons and other programs that will motivate its customers to buy more products from that store.

Definition

"CRM is concerned with the creation, development and enhancement of individualised customer relationships with carefully targeted customers and customer groups resulting in maximizing their total customer life-time value"

Customer relationship management is a model for managing a company's interactions with current and future customers. It involves using technology to organize, automate, and synchronize sales, marketing, customer service, and technical support.

Customer relationship management (CRM) is a system for managing a company's interactions with current and future customers. It involves using technology to organize, automate, and synchronize sales, marketing, customer service, and technical support.

NEED FOR CRM

The experience from many companies is that a very clear CRM requirement with regards to reports, e.g. output and input requirements, is of vital importance before starting any implementation. With a proper demand specification a lot of time and costs can be saved based on right expectations versus systems capability. A well operative CRM system can be an extremely powerful tool for management and customer strategies. CRM is not just a technology, but rather a comprehensive approach to an organization's philosophy in dealing with its customers. This includes policies and processes, front-of-house customer service, employee training, marketing, systems and information management. Hence, it is important that any CRM implementation considerations stretch beyond technology, towards the broader organizational requirements. The objectives of a CRM strategy must consider a company's specific situation and its customers□ needs and expectations. The data gathered as a part of CRM must consider customer privacy and data security. Customers want the assurance that their data is not shared with third parties without their consent and not accessed illegally by third parties. Customers also want their data used by companies to provide a benefit to them.

CRM System is always important for an organization.

1. A CRM system consists of a historical view and analysis of all the acquired or to be acquired customers. This helps in reduced searching and correlating customers and to foresee customer needs effectively and increase business.

2. CRM contains each and every bit of details of a customer, hence it is very easy for track a customer accordingly and can be used to determine which customer can be profitable and which not.

3. In CRM system, customers are grouped according to different aspects according to the type of business they do or according to physical location and are allocated to different customer managers often called as account managers. This helps in focusing and concentrating on each and every customer separately.

4. A CRM system is not only used to deal with the existing customers but is also useful in acquiring new customers. The process first starts with identifying a customer and maintaining all the corresponding details into the CRM system which is also called an 'Opportunity of Business'. The Sales and Field representatives then try getting business out of these customers by sophistically following up with them and converting them into a winning deal. All this is very easily and efficiently done by an integrated CRM system.

5. The strongest aspect of Customer Relationship Management is that it is very cost-effective. The advantage of decently implemented CRM system is that there is very less need of paper and manual work which requires lesser staff to manage and lesser resources to deal with. The technologies used in implementing a CRM system are also very cheap and smooth as compared to the traditional way of business.

6. All the details in CRM system is kept centralized which is available anytime on fingertips. This reduces the process time and increases productivity.

7. Efficiently dealing with all the customers and providing them what they actually need increases the customer satisfaction. This increases the chance of getting more business which ultimately enhances turnover and profit.

8. If the customer is satisfied they will always be loyal to you and will remain in business forever resulting in increasing customer base and ultimately enhancing net growth of business.

TECHNOLOGY CONSIDERATIONS:

The technology requirements of a CRM strategy include the following building blocks.

- A database for customer information.
- Operational CRM requires customer agent support software.
- Collaborative CRM requires an interactive system.

- Analytical CRM requires statistical analysis software as well as software that manages any specific marketing campaigns. Each of these can be implemented in a basic manner.

Steps before Implementing CRM:

Before implementing CRM certain basic steps with analysis should be followed. This analysis will help the users to identify various plans and the methods for implementation.

1) **Business Objectives:** Each and every business will have its own objectives with which it will be started with. In the process of the organization those objectives will be achieved in a step by step manner. In this context this phase in the implementation will describe the initial short term plans. The scope of this step will be from two to five years. The initial successful planning can only lead towards the long term objectives. This includes the revenue, market shares, margins and other initial investments. The main aim of designing this step is to make the organization as a customer centric company.

2) **Program initiatives:** This is the second step towards the implementation of CRM. This phase will concentrate with 1 to 1 years in scope. This takes one step forward to the long term plans. This will focus on the customers and derive the plans to get the maximum customer satisfaction. This phase will create the clear plans for the future progress to achieve the long term goals. This step will improve the customer satisfaction at least by 5 points.

3) **Departmental plans:** This is one step further after the definition of the organization objectives. This will prepare everyday plans to help the organization in achieving long term goals. This will deploy the plans by arranging E-mail system and call centers. These departmental plans will be prepared for each and every department and as a whole the integration will be made and the overall optimized implementation will be achieved.

4) **Technology:** The technology is the main driver in this entire architecture by which the entire planning phase will be successfully managed and the prime objective will be achieved. This technology part is implemented by preparing various modules for the various activities like sales, marketing, etc. These technical things will be discussed in detail with the other units in this book.

CONCEPT OF CUSTOMER RELATIONSHIP MANAGEMENT

Relationship marketing brought new approach to relations with customers, creating at the same time new market assumptions. CRM is a business strategy focused on maximizing shareholder value through winning, growing, and keeping the right customers. We can distinguish here two important elements. First of all, concentrating on the most important from company's perspective customers and second of all retaining long-term relationship with them.

That is why it is essential to collect consequently customers' opinions, complaints and new needs. In this way it is possible to approach a client more individually, and make them feel important for the company, because each company is worth as much as customer values it.

Satisfied client will also recommend company's products to their friends. Therefore the main challenges are:

- Building long - term partner relations with customers,
- Identifying and focusing on the most significant customers,
- Acquiring and retaining new customers,

In developing CRM strategies whole organizations should be engaged. It includes adequate approach in terms of sales, marketing and customer support. A truly comprehensive picture of customer might include information collected by sales partners, suppliers or collaborative service deliverers. When company limits whole its attention only to operational activities, it can decrease communication between business and customer.

Initial CRM implementations should be based on adequate information and perspective about customers and the firm's demand environment. Once implemented,

CRM should allow organizations to see beyond the boundaries of the internal enterprise, and collect, analyze, and leverage such insight. It should include following issues:

- Understanding markets and customers (gathering market information, selecting target markets),
- Ability of dealing with different customers in different ways,
- Focusing on one-to-one relations by satisfying needs of individual customers,
- Developing an offer (selecting products, positioning, differentiating),
- Providing customer care (delivery process, service process, support, loyalty programs).

According to M.Stanusha, the main purpose of the concept from this perspective should be achieving such state, when high – profitable customers, each time they have a specific need, they would see only one company, that could satisfy it. It is big challenge, however possible thanks to good communication with customer. CRM systems enable any representative of a company to remember who they are talking to, no matter what the transaction might be. It is essential to get to know all the processes used by potential customer to create value. J.Otto said that company which wants to follow rules of CRM concept should use all the means in order to precisely get to know these processes. It should also concentrate on retaining mutual trust between company and customer. The product itself is important, but it is not enough just to produce it, advertise and find recipients. In order that customers keep it in conscience, it is important also to take care of such things as additional service, such as transport, insurance and guarantee. Such activities help to consolidate this relationship and attach customer to the company. CRM enables to differentiate products by adding new dimension, where even mass-produced products can differ with type of relationship which company has with its customers. So there is no point on concentrating on maximization of single transaction, but company should focus on creating strong and long – term relationship with customer. The shift to customer-centricity has implications for the entire organization, requiring changes in company's business culture, processes, and supporting systems. However to get full benefits, it is necessary to create interactions which are based on trust between both parties and aim to mutual improvement of this relationship. Summing up, CRM as a

strategy focuses on building and consolidating a loyal group of regular customers, through constant satisfying of their needs and even going beyond these needs and individual preferences. In order to achieve this goal it is necessary to build strong relationships with those customers based on mutual trust.

CUSTOMER RELATIONSHIP MANAGEMENT AS AN INNOVATION

CRM can be considered both as an innovation and the result of innovation. CRM systems could appear on the market due to innovation in technology, however on the other hand they also could be considered as an innovation. Unlike other technological innovations, CRM has power to help banks quickly and directly improve customer satisfaction and increase retention of significant customers. Financial institutions started to be interested in CRM systems, due to their need for speed of flow of precise information concerning customers and learning about their customers' individual needs. Nowadays the decreasing loyalty of bank customers, forces banks to put more attention on relationships with them. Banks use CRM system believing that it will help them to identify the point at which customer value balances shareholder value.

Banks almost on each hierarchical level of their structure need to have access to up-to date, consolidated and accurate image of a client. Especially in conditions of growing amounts of data it is important to be able to share information coming from various channels and afterwards analyze it deeply. If the bank could track customer behaviors, executives can have a better understanding of customer value and predicting their future behaviors. According to Foss, banks use CRM systems for various purposes, such as increase of sales, creating customer centric culture and organization, improving customer relationships, maximizing customer profitability, aligning efforts and resources behind most valuable customer groups and finally having one central and coherent IT system.

While times have been tough, and things are still far from easy, many businesses like yours have turned to customer relationship management (CRM) to help maximize revenues and keep costs low.

But if you use CRM primarily as a contact management system you may be failing to capitalize on all the ways in which it can bring you closer to your customers. Used effectively CRM can help to connect all the different parts of your company, ensuring that everyone, in every department and business area, works together to deliver an excellent customer experience. Done well, CRM can go way beyond simply managing a particular sale, dealing with a specific service issue, or resolving a customer's complaint.

Having evolved beyond its beginnings in contact management CRM solutions now encompass not only sales force, marketing and service automation, they also provide a platform for winning, keeping, and developing customers. Such has been the change in perception that CRM is now sometimes referred to as customer experience management, or CEM.

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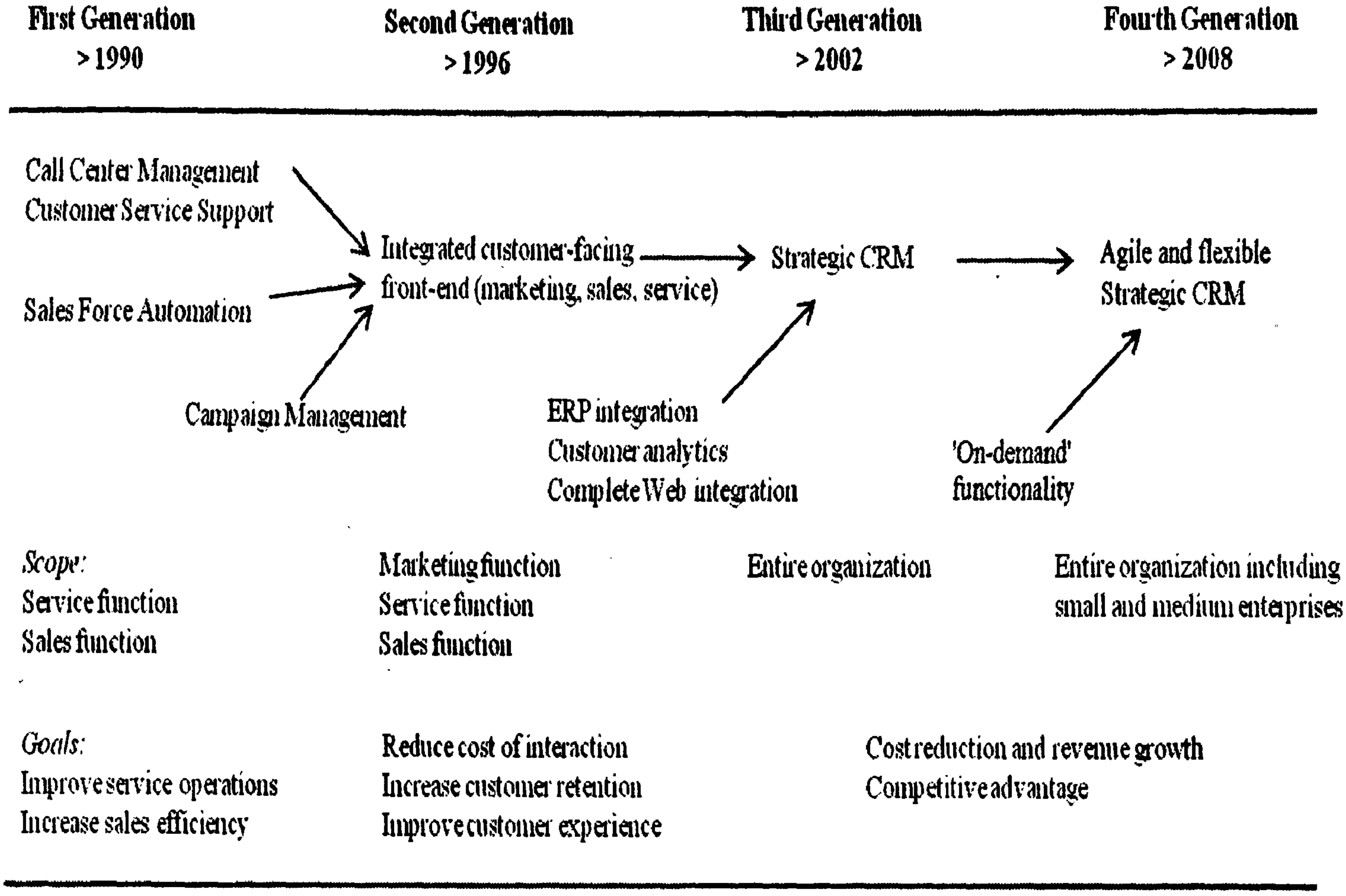
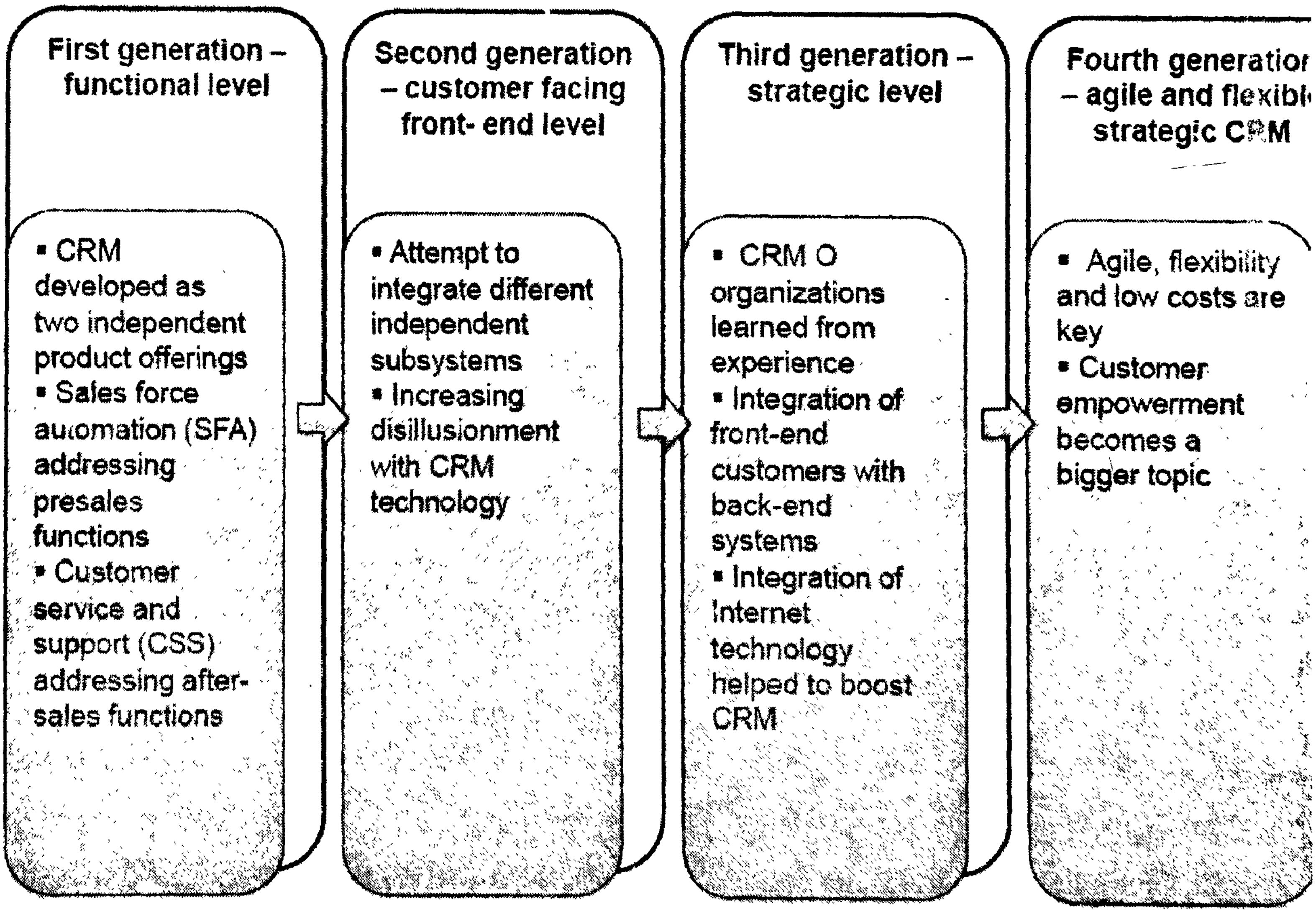
Evolution of CRM



Note: ERP = Enterprise Resource Planning



Further Growth of the CRM Industry

- The CRM industry represent a fast growing sector
- CRM has been driven by a shift from transactional to relationship-based markets
- Five further factors that are responsible for CRM's forward movement
- Growing proof of profitable impacts of good customer relationships
- Improved marketing communication effectiveness
- IT vendors and associated change management consultancies
- Falling costs of data capture storage
- Customer value management

Transactional Vs Relationship marketing

There is no issue among different scholars and the practitioners about the differences and the inter-relation between the two main marketing perspectives i.e. (Transactional and Relationship). Coviello, Brodie and Munro (1997) after working hard on various ideas by different schools of marketing of Europe and US, and defined these two marketing perspectives. As discussed above, transactional marketing attracts thc customers to buy the product and walk away, on the other hand relationship marketing takes the sale as the first step toleration building. The best example of these two different approaches is Tesco and WalMart. As Tesco seems to be striving to engage in relationship with its customer by introducing different loyalty programs and offering different promotions to them, whereas WalMart is focused on providing its customer with low priced products, not considering any previous interactions. WalMart has a motto, which was set by Sam Walton, "If you want loyalty, get a dog.

Transactional Marketing	Relationship Marketing
1. Focuses on Single sale recruitment.	1. Focuses on retention of the customer
2. Emphasises on product features	2. Emphasises on product benefits and and systematic solutions
3. Its short-term	3. It's a long-term relationship
4. Little or no importance given to Customer services	4. Customer service taken as the most important element
5. Limited commitment toward the Customers	5. Higher commitment towards customers
6. Focused on product quality while Production	6. Quality at all aspects
7. Communicate to persuade	7. Communicate to make sense n meaning
8. Functional, mechanistic, Production-oriented based business model	8. More humanistic and relationship based business model
9. Goal is customer satisfaction	9. Goal is to delight the customer

C R M AS A STRATEGIC MARKETING TOOL

Customer Relationship Management (CRM) is the marketing management practice of identifying, attracting and retaining the most valuable customers to sustain profitable growth. Customer Relationship Management is also the process of making and keeping customers and maximizing their profitability, behaviors and satisfaction.

Today Customer demand open equal access, real time specialized information, convenient access, information portability, process & logistics transparency, pricing transparency, global pricing, ability to set prices, choice of distribution channels and control over their information. Maintaining relationship is the key to success of your business. By doing that, your first-time customer can become a repeat customer, thereafter a client, then an advocate and finally your partner in progress.

However the worst point is that at any point in the above process, he could disconnect from you and therefore, it is all the more important to reiterate the relationship with him. From your loyal customers, in addition to getting the base profit, you can also earn from reduced operating cost, increased purchases and getting plenty of referrals.

We also understand from the realistic observation on customers that it costs ten times more to sell to a new customer than to sell to an existing one. When the odds of selling to a new customer are 15 percent, the odds of selling to an existing customer are 50 percent. And a typical dissatisfied customer will tell 8 to 10 people about his or her bad experience. It is also true that eighty percent of complaining customers will do business with the company again if it quickly takes care of the problem. 45% of customers switching suppliers cite customer service issues as the reason for the switch.

The 80-20 principle is valid in sales & marketing too. 20% of the customers deliver 80% of revenues and many times, more than 100% of profits. Existing customers deliver most of the revenues. However more attention – and money– is often spent on

non-customers. It is therefore important to identify the most valuable customers (MVCs) for the success of the business.

A small net upwards migration of customers can deliver a dramatic improvement in business performance. 5-10% of the small customers can move immediately to the top. But an upward migration only happens when customers are very satisfied. But even reasonably satisfied customers defect.

Marketing and sales are charged with influencing customer behavior but other departments involved with customer processes also influence on customers – for better or worse. What we need to accept is that Customer success equals business Success.

Identify the Most valuable Customers (MVCs)

To identify our customers, we need to ask plenty of questions: Here are some of them:

- Do you know who your most valuable customers are?
- Who owns him and his data? The product group? The sales team? Or the IT department of your company?
- What if the customer has many product relationships in your company?
- Can you identify the customer if he calls you? Or when he e-mails you?
- Do you know how much money does he make for you?
- Which products of yours does this customer have?
- What is the total value of this customer relationship?
- If he calls up at the call center, would your agent know the entire relationship?
- Can he talk about all your different products in the same call?
- Can you gather intelligence from each one of his transactions?
- Does the 80:20 rule apply to your customer?
- Is there any customer you would rather you not have?
- Can you anticipate what the needs of the customer are?

· Can you atomically take action on your mediocre customer to make them profitable?

· Can you do this with another 100,000 customers?

Why CRM practice is required in your organization?

- Leads generated from your expensive campaigns may be lost because they were not tracked properly.
- New customers may be lost because, having acquired, you have not kept in touch with them (Hole in the Bucket Syndrome)
- Business from your existing clients may not happen because you really don't know who they are, what they are buying and what they will need.
- Credibility with the customers may be lost because your sales and support force is not fully informed about them and haven't done their homework well enough.

CRM practices create Customer equity which is the combination of brand Equity and relationship Equity.

To create customer equity, you need to provide him the best experience. Customer experience is defined as a consistent representation and flawless execution, across distribution channels and his interaction touch points, of the emotional connection and relationship you want your customers to have with your company and your brand.

Now it is clearly understood that CRM as a strategic management practice helps companies acquire, grow and retain customers. In this heavily automated technological word, is there a possibility to automate these practices, thereby increasing productivity and the chances of increasing the success ratio? From Management, let us move into technology.With the advent of intuitive programming technologies, today there exist many software application programs developed by reputed companies for managing the relationship with its customers. Siebel, Microsoft CRM, MYSAP, Salesforce.com etc are highly flexible, integrated applications that help customers achieve this objective. The following explains how it can be achieved.

CRM for Stakeholder Management

Proactively engage with all stakeholders internally and externally

While it's important to skilfully engage with the outside community, whether it's constituents, clients you service, government agencies you engage with, and the public you solicit for donor support - managing your other organisational relationships is equally important. These valuable relationships might include internal departments, suppliers, partners, contractors and other influential community networks.

The challenge for everyone is how do you develop, foster and manage the increasingly diverse stakeholder groups and relationships vying for your time and attention? For example, if we look at a local council and its relationships, stakeholders aren't just ratepayers: they can be businesses, tourists, councillors, council employees, students, tenants, or local groups, parties or associations. One individual might have multiple relationships with a council.

To illustrate: While Mrs 'A' might be a ratepayer, she could also be a council employee and an active member of a local resident association. She is married to Mr 'A' who is a councillor, runs a local business and often applies for council grants. How does a council manage and track the complexity of these myriad relationships, ensuring it communicates and engages with each appropriately, while addressing any 'conflict of interest' as well as privacy issues or local law implications?

This is where an appropriate CRM system goes far beyond 'contact management' and can significantly alleviate the pressure of managing all stakeholder relationships. In addition, when combined with customer-centric processes, and people - a true CRM solution will enable your organisation to re-engineer itself in the eyes of your stakeholders.

TechnologyOne **CRM for Stakeholder Management** has at its core, flexibility and ingenuity that enables organisations to deliver benefits internally and externally, far beyond any basic expectations of contact management.

A single CRM solution streamlines stakeholder management.

Technology One **CRM for Stakeholder Management** enables organisations to build and reap the rewards of better individual, organisational and community relationships via:

- A highly configurable solution that handles relationships with multiple stakeholders
- A flexible solution that lets you tailor your processes when dealing with different stakeholders
- Workflow rules that match your business rules

Examples include:

- Management of procurement processes in the government sectors
- Tenancy management in community housing organisations
- Relationship management of suppliers and/or customers
- Event, incident and request management in the utilities sectors
- Management of enquiries and business opportunities for education providers - This allows organisations to manage all stakeholder relationships at a high level without straining resources and valuable time.

Technology One delivers preconfigured modules to address specific organisational challenges within the sectors we service. This allows organisations to choose further modules of the CRM suite to deliver the most value, whether you're a government agency involved in Grants Management ; a not-for-profit requiring Fundraising and Supporter Management or whether you're involved in some type of Community Engagement such as focus groups, volunteer programs or social services.

Importantly, **CRM for Stakeholder Management** comes with advanced customization so you can tailor communications for any type of group or individual, while comprehensive reports provide analysis on how well your relationships are tracking with all stakeholders. This ensures engagement with stakeholders is optimized and strongly benefits your organisation's productivity, efficiency and profitability.

......................END OF UNIT 1.................

UNIT – II

Customer information Database

Customer Profile Analysis

Customer perception, Expectation analysis

Customer behaviour in relationship perspectives; individual and group customers

Customer life time value

Selection of Profitable customer segments.

UNDERSTANDING YOUR CUSTOMERS

In today's global business economy, technology advances have made the competitive landscape much tougher. Customers have access to more information and more avenues for service and purchase communication. And even though the Internet has stimulated competition, the same basic rules of business exist and survive. Satisfied customers will return to companies who provide good services and products.

Aside from the focus on quality offerings, companies now must also concentrate on how to interact with customers through personalized and intelligent transactions. Customer service differentiation will provide competitive advantages.

The cost of customer acquisition is far greater than the cost associated with customer retention. The Internet economy is no different. Competitors are just a click away, and e-customers know it. The e-business model does not differ greatly from traditional business models: both recognize the need to understand customer attributes, including loyalty, profitability, and opportunity.

The new economy simply requires that intelligent and automatic customer analysis can take the place of traditional human interactive analysis, when necessary, in order to complete massive numbers of successful transactions at Web speed. Companies that react quickly and interact with customers intelligently will take dominant market leadership positions.

Your customers are the lifeblood of your business but just how well do you know them? If you know only their email addresses, it's safe to say you could know them better. Admittedly you can contact them -- but will they want to hear what you have to say?

The more you know about your customers the better chance you have of pitching products and services to them that they actually want to buy. Your customer database is the best marketing tool you have (you do have one, right?) to track your customers interests. It's your key small business marketing asset -- but only if you treat it right.

Along with the name and email address of everyone you've sold to, your customer database should also include what they purchased – and when. You can then use this information to target your advertising and marketing strategies.

Selling to an existing customer is far easier (and cheaper) than finding a new one. It's also a fair bet that someone who bought a printer from you will need replacement ink cartridges and photo paper within a few months of buying it and throughout the life of the printer.

If you know who's buying what, you can target them with highly relevant offers.

Collecting Customer Data

When you sell online you are at a distinct advantage over brick-and-mortar stores because you have to collect certain data to complete each transaction. You need the customer's email address to confirm the sale plus their name and shipping address and, of course, you'll have a record of what they have bought. You don't even have to go to the expense of gathering the data -- your customers do the data entry for you.

However, you need to make sure that your shopping cart software records this data and that you can access it. You should also ensure that, as part of the checkout process, you offer customers the opportunity to sign up for your email list so you can legitimately include them in future mailings.

If you have a brick-and-mortar store then gathering the data is a bit more difficult because you generally don't need it to complete the sale. However, you can offer customers incentives in exchange for their information. For example, you might offer a discount for being a frequent customer or a weekly prize draw. Be creative in your approach and accept that some customers just won't give you the information.

Leverage the Data

Of course, a customer database full of information is only valuable if you use it to your best advantage. Instead of sending out lots of general email messages or direct mail to everyone on your list, consider sending targeted messages.

Look at the products your customers have purchased and consider what other merchandise you sell that might complement the items those customers bought. Send targeted email showcasing the other products they may be interested in. Following our printer-purchase example, you might send an email highlighting special pricing on replacement ink cartridges.

Protect Your Database

Your customer database is a valuable business asset -- protect it! Make sure to back up your data regularly and store a copy offsite or somewhere other than where you keep the original. If the server crashes or a natural disaster strikes, you won't lose it.

As your business grows so too will your database. Over time you'll find that it contains out-of-date and inaccurate entries. Customers may change their email addresses, and duplicate entries can appear if your software isn't smart enough to keep that from happening.

If your business has multiple databases with duplicate entries -- perhaps a general email list that anyone can sign up for and a separate database of customers who have made purchases -- names that appear in both databases will receive multiple emails. This annoys people and, despite your best intentions, you can lose customers because of it.

Avoid this mistake by regularly comparing your lists and removing any duplicate entries so that you don't burden customers with multiple emails. Depending on the size of your lists and the format they're stored in, you might be able to do it manually or you may require a specialist solution.

Customer Database Privacy Policies

If you sell your business, your customer database has value to a potential buyer, as it gives them a way to know who the customers are, what products they have purchased in the past and a means to contact them.

However, if you sell online you may need to revisit your website's privacy statement (and amend it) to make sure that it allows you to transfer this information to someone who buys your business. Otherwise you may have a valuable asset that you can't do anything with.

A quality customer database isn't something you can build overnight. It takes time. However with care and attention, you can develop it into a valuable marketing tool and a key business asset.

CUSTOMER UNDERSTANDING

Customers are the critical component for success.

Customer acquisition is based on offering the right products and services to the right groups of customers at the right time. Customer retention is based on customer satisfaction.

Think Analytics provides the foundation to really understand customers and build one-to-one relationships and personalized products and services based on customer needs.

Think Analytics' Products Feature:

- Automatic customer segmentation using multiple knowledge discovery and data mining techniques
- Comprehensive view of customer channel interaction and attributes.

- Automated rule extraction enabling organizations to validate and enrich existing customer knowledge.
- Customer group visualization in formats such as decision tree, 3-D, and heat maps.
- Segment trend detection - track customer segment development and growth patterns.
- Business scenario development and validation based on varied customer segmentation models.
- Revenue opportunity and marketing return on investment maximization.
- Customer performance tracking by revenue, cost and profitability.
- Customer value measurement through RFM (recency, frequency, and monetary.)
- Customer product mix and future cross-sell and up-sell opportunity analysis.
- Channel preferences and behavior tracking.
- Customer behavior understanding and monitoring, purchasing trends and demographics.
- Customer target list generation for marketing campaigns.
- Customer segmentation model deployment to CRM front-office and e-commerce solutions to enable real-time customer scoring.

UNDERSTANDING CUSTOMER NEEDS AND WANTS

Sigmund Freud is often quoted as saying, "What do women want?" He never figured it out, but you may do better in figuring out what customers want. You probably may think about the want of your customers -- what kind of food, what kind of atmosphere, what kind of lighting-- all sorts of things that would please your customers. So, what do your customers want? Good food? Sure! The lowest price?

Maybe But remember one thing; your customers want more - lots more. When you focus solely on cost, you will be missing the chance to address other concerns of your customers.

- **Customers want genuine greeting**

Your customers want to hear, "How are you today?" or "Welcome to..." Don't forget the importance of eye contact. If you or your hostess is studying the seating chart to determine where to seat the guests who have just arrived, you will make your guests feel more like a commodity to be handled than guests in your restaurant. It's not difficult to make every person who enters your restaurant feel welcome -- to feel as if you are glad they are there, that they've been missed if some time has passed since their last visit and that their visit is going to be an enjoyable one. Providing your guests with a sincere greeting is the best way to set the tone for the dining experience to follow.

2. Customers want a smiling face

Personnel experts say that you have only eight seconds to make a good first impression. The person who greets customers as they enter the restaurant sets the pace for the entire experience. Select your hosts and hostesses as if they are representing the attitude of every person on your team -- in fact, they are.

3. Customers want available staff members

Few guests want servers who hover at the table, but a server should be available within a minute or two of a customer needing something. Experienced servers continually make the rounds of each table in their station to make sure that all is well. When you listen to complaints of people about restaurants, one that is often voiced is that the staff congregated in a clump, chatting away, while the customer did everything but stand on his chair to get their attention. Being available doesn't have to mean instantaneous service -- in fact, all but the most demanding customer will be reasonable and voice their request in "When you have time, could you...?" or "We just need one more fork..."

4. Customers want choices

Show the customer that you are flexible and you can work around their diets and tastes. Don't get so tied into "efficiency" that you can't provide substitutions or other choices. Whether it's including a no- or low-fat salad dressing in your selection or allowing a customer to have the sauce on the side, its good business sense to let your customers customize their order, if possible. While meal customization and flexibility can add to the expense of your service, if you need a stronger business rationalization to encourage your servers and kitchen staff to cater to specific tastes and dietary needs, take a longer view. Your efforts will be rewarded in repeat business and word-of-mouth advertising.

5. Customers want a smooth relationship

Cultivating a good relationship with your customers can be a process that develops over years. When a customer has a pleasant experience at your restaurant the first time, your relationship is not over. It has just begun. You've set the customer's expectations at a certain point, and that customer will expect as good -- or better -- experience the next time they come to your place. You accomplish this by providing high-quality service and food product while continuing to communicate and listen to your customers.

6. Customers want knowledgeable staff members

How big is the chef salad? How much is the lobster special? Are the pork chops fried or baked? Are the green beans fresh? If I order "medium rare," what will my steak look like? What vodkas do you carry?

Your servers can be bombarded with questions -- all of which seem reasonable to your customers. To them your server is an "expert" who is expected to have all the answers to their questions at their fingertips. Make sure your servers understand the components of your various dishes and how they are prepared. Always post and review "frequently asked questions" at your lineups so that customers' questions can be easily answered. Make sure your servers know it's OK to say, "I don't know."

When a customer asks, "Is there cilantro in the sauce?" rather than guessing, train them to admit they don't know and go find the answer.

7. Customers want a clean restaurant

When it comes to a restaurant, good housekeeping may not be good enough. You need superior housekeeping to build and maintain your restaurant's image. Customers want to eat in a place that is well-kept and where linens are fresh and surfaces are dust-free. Just one mistake, such as water spots on a glass or food crumbs on the floor, can throw into question the cleanliness of your entire operation. The easiest way to keep your standards high is to establish routines and procedures for how every maintenance task within your restaurant is performed. Staff must be trained in how each task is to be completed.

8. Customers want useful suggestions

When a customer asks one of your servers, "What's good here?" the customer doesn't want to hear, "Oh, everything's good here." That might be a great endorsement of the chef's skills, but it doesn't help the customer decide what to order. How much more credible for the server to say, "Our chef is known for his spinach ravioli," or "If you like fish, you've got to try the sea bass." Your customers depend on you to help them make decisions about what's on the menu. This doesn't mean that your server hovers over the table as the customers discuss the menu, but a server should be nearby to help customers understand and confirm their needs and choices.

9. Customers want a visible restaurant manager

Customers like to know that somebody in authority is nearby to answer questions or settle a dispute. People feel better when they know that there is a next level of help available to them. Even if the customer doesn't call on you, he wants to see that a manager is available and on site. The presence of a manager making the rounds is reassuring to the customers that someone is "on call" if they need it. Well-known restaurant chains feel so strongly about the importance of a visible manager that the manager's office has no chairs. That's right -- no sitting in the back

room when there's a dining room full of guests. Customers want a pleasant experience. Isn't that what it's all about?

Customers want to come to an attractive setting and enjoy a good meal. They arrive at your restaurant wanting to have a good time. When you bear in mind the expectations that customers have, you will be able to do a better job at meeting -- or exceeding -- them.

APPROACHES TO THE STUDY OF CONSUMER BEHAVIOR

Marketers may approach target markets in their aggregate and heterogeneous form or as smaller, more homogeneous segments.

a) Market Aggregation

A market aggregation strategy means, in effect, that little if any subdivision of market is applied. With this approach, a firm would produce a single product and offer it to all consumers with a single marketing program. Although the marketer recognizes that not everyone will buy the product, a number sufficient for profitable operations are expected to be attracted. This approach has also been described as mass marketing, undifferentiated marketing, and product differentiation.

The reasoning behind market aggregation is that although consumers may differ, they are sufficiently alike to approach as a homogeneous grouping for the product under consideration. Market aggregation, therefore, presents a standard product that differs little if any from competition, makes heavy use of mass promotion, and attempts to distinguish the product as being superior. By so doing it seeks to have demand conform to what manufacturers are willing to supply.

b) Market Segmentation

Perhaps the most important marketing decision a firm makes is the selection of one or more market segments on which to focus. A market segment is a portion of a larger market whose needs differ somewhat from the larger market. Since a market segment has unique needs, a firm that develops a total product focused solely on the needs of

that segment will be able to meet that segment's desires better than a firm whose product or service attempts to meet the needs of multiple segments.

To be viable, a segment must be large enough to be served profitably. To some extent, each individual or household has unique needs for most products (a preferred color combination, for example). The smaller the segment, the closer the total product can be to that segment's desires. Historically, the smaller the segment, the more it costs to serve the segment. Thus, a tailor-made suit costs more than a mass-produced suit. However, flexible manufacturing and customized media are making it increasingly cost effective to develop products and communications for small segments or even individual consumers.

Market segmentation involves four steps:

1. Identifying product-related need sets

2. Group customers with similar need sets

3. Describing each group

4. Selecting an attractive segment to serve

MARKETING STRATEGY AND CONSUMER BEHAVIOR

Since all four of the applications of consumer behavior described above focus on the development, regulation, or effects of marketing strategy, we will now examine marketing strategy in more depth.

To survive in a competitive environment, an organization must provide target customers more value than is provided by its competitors. Customer value is the difference between all the benefits derived from a total product and all the costs and risks of acquiring those benefits. For example, owning a car can provide a number of benefits, depending on the person and the type car, including flexible transportation, image, status, pleasure, comfort, and even companionship. However, securing these benefits requires paying for the car, gasoline, insurance, maintenance, and parking fees, as well as risking injury from an accident, adding to environmental pollution,

and dealing with traffic jams and other frustrations. It is the difference between the total benefits and the total costs that constitutes customer value.

Providing superior customer value requires the organization to do a better job of anticipating and reacting to customer needs than the competition does. Since customer value is delivered by the marketing strategy, the firm must develop its general marketing strategy as it evaluates potential target markets.

Marketing strategy is basically the answer to the question: How will we provide

superior customer value to our target market? The answer to this question requires the formulation of a consistent marketing mix. The marketing mix is the product, price, communications, distribution, and services provided to the target market. It is the combination of these elements that meets customer needs and provides customer value.

The Product

A Product is anything a consumer acquires or might acquire to meet a perceived need. Consumers are generally buying need satisfaction, not physical product attributes. As the former head of Revlon said, "in the factory we make cosmetics, in the store we sell hope." Thus, consumers don't purchase quarter-inch drill bits but the ability to create quarter-inch holes. Federal Express lost much of its overnight letter delivery business not to UPS or Airborne but to fax machines and the Internet because they could meet the same consumer needs faster, cheaper, or more conveniently. Consider one analyst's description of McDonald's product.

The source of McDonald's pre-eminence is neither hamburgers nor fast-food service. It's giving a wide range of people the experience of a reliable break from fatigue, stress, grown-up responsibility. More variety, fewer calories, even enhanced freshness are not the principal criteria for success if what those people seek is "a break today."

We use the term product to refer to physical products and primary or core services. Thus, an automobile is a product, as is a transmission overhaul or a ride in a taxi. Over 15,000 new products and new versions of existing products are introduced to

supermarkets alone each year. Obviously, many of these will not succeed. To be successful, products must meet the needs of the target market better than the competition does.

Consider the Chinese computer market. A few years ago, a state-owned company-Legend-appeared headed for oblivion as China opened its market to Western firms. Today, it dominates all competitors. How? According to its general manager, "We have much more insight into the needs of Chinese customer." These insights have been translated into bundling software products for first-time buyers (most of the market) into its computers.

These include tutorials on such topics as using the computer, using the Internet, and organizing home finances.

Communications

Marketing communications include advertising, the sales force, public relations, packaging, and any other signal that the firm provides about itself and its products. An effective communications strategy requires answers to the following questions:

□ With whom, exactly, do we want to communicate? While most messages are aimed at the target-market members, others are focused on channel members or those who influence the target-market members. For example pediatric nurses are often asked for advice concerning diapers and other nonmedical infant care items. A firm marketing such items would be wise to communicate directly with these individuals. Often it is necessary to determine who within the target market should receive the marketing message. For a children's breakfast cereal, should the communications be aimed at the children or the parents or both? The answer depends on the target market and varies by country.

□ What affect do we want our communications to have on the target audience? Often a manager will state that the purpose of advertising and other marketing communications is to increase sales. While this may be the ultimate objective, the behavioral objective for most marketing communications is often much more immediate. That is, it may seek to have the audience learn something about the

product, seek more information about the product, like the product, recommend the product to others, feel good about having bought the product, or a host of other communications effects.

□ What message will achieve the desired effect on our audience? What words, pictures, and symbols should we use to capture attention and produce the desired effect? Marketing messages can range from purely factual statements to pure symbolism. The best approach depends on the situation at hand. Developing an effective message requires a thorough understanding of the meanings the target audience attaches to words and symbols, as well as knowledge of the perception process.

□ What means and media should we use to reach the target audience? Should we use personal sales to provide information? Can we rely on the package to provide needed information? Should we advertise in mass media, use direct mail, or rely on consumers to find us on the Internet? If we advertise in mass media, which media (television, radio, magazines, newspapers, Internet) and which specific vehicles (television programs, specific magazines, websites, and so forth) should we use? Answering these questions requires an understanding both of the media that the target audiences use and of the effect that advertising in those media would have on the product's image.

□ When should we communicate with the target audience? Should we concentrate our communications near the time that purchases tend to be made or evenly throughout the week, month, or year? Do consumers seek information shortly before purchasing our product? If so, where? Answering these questions requires knowledge of the decision process used by the target market for this product.

Price

Price is the amount of money one must pay to obtain the right to use the product.One can buy ownership of a product or, for many products, limited usage rights (i.e., one can rent or lease the product such as a video). Economists often assume that lower prices for the same product will result in more sales than higher prices. However,

price sometimes serves as a signal of quality. A product priced "too low" might be perceived as having low quality. Owning expensive items also provides information about the owner. If nothing else, it indicates that the owner can afford the expensive item. This is a desirable feature to some consumers. Therefore, setting a price requires a thorough understanding of the symbolic role that price plays for the product and target market in question.

It is important to note that the price of a product is not the same as the cost of the product to the customer. Consumer cost is everything the consumer must surrender in order to receive the benefits of owning/using the product. As described earlier, the cost of owning/using an automobile includes insurance, gasoline, maintenance, finance charges, license fees, time and discomfort while shopping for the car, and perhaps even discomfort about increasing pollution, in addition to the purchase price. One of the ways firms seek to provide customer value is to reduce the nonprice costs of owning or operating a product.

If successful, the total cost to the customer decreases while the revenue to the marketer stays the same or even increases. Part of this consideration is the risk perceived by the consumer in investing in the product.

Distribution

Distribution, having the product available where target customers can buy it, is essential t success. Only in rare cases will customers go to much trouble to secure a particular brand. Obviously, good channel decisions require a sound knowledge of where target customers shop for the product in question, as the following example shows:

Huffy corp., a $700 million bicycle manufacturer, did careful research before launching a new bicycle called cross Sport. The new bike was a cross between a mountain bike and the traditional thin-framed 10-speed bicycle. Focus groups and product concept tests revealed strong consumer acceptance. Huffy quickly launched the $159Cross Sport through its strong mass distribution channels such as Kmart and Toys "R" Us. Unfortunately, the fairly serious adult rider that these bikes targeted demands individual sales attention by knowledgeable salespeople. Such salespeople

are found at specially bike shops, not at mass retailers. As Huffy's president said: "It was a $5 million mistake."

Service

Earlier, we defined product to include primary or core services such as haircuts, car repairs, and medical treatments. Here, service refers to auxiliary or peripheral activities that ate performed to enhance the primary product or service. Thus, we would consider car repair to be a product (primary service), while free pickup and delivery of the car would be an auxiliary service. Although many texts do not treat service as a separate component of the marketing mix, we do because of the critical role it plays in determining market share and relative price in competitive markets. A firm that does not explicitly manage its auxiliary services is at a competitive disadvantage.

Auxiliary services cost money to provide. Therefore, it is essential that the firm furnish only those services that provide value to the target customers. Providing services that customers do not value can result in high costs and high prices without a corresponding increase in customer value.

CONSUMER PERCEPTION

Information processing is a series of activities by which stimuli are perceived, transformed into information, and stored. A useful information-processing model having four major steps or stages: exposure, attention, interpretation, and memory. The first three of these constitute perception.

2.7.1. Exposure

Exposure occurs when a stimulus comes within range of our sensory receptor nerves. For an individual to be exposed to a stimulus requires only that the stimulus be placed within the person's relevant environment. That is, you have been exposed to a television commercial if it aired while you were in the room, even if you were "not paying attention" and did not notice the commercial.

An individual can be exposed to only a minuscule fraction of the available stimuli. There are now hundreds of television channels, thousands of radio stations, innumerable magazines, and an exponentially increasing number of websites. Yet one normally watches only one television station at a time, reads one magazine, newspaper, or book at a time, and so forth. What determines which stimuli an individual will be exposed to?

Generally, people seek information that they think will help them achieve their goals. These goals may be immediate or long range. Immediate goals could involve seeking stimuli such as a television program for amusement or a website to assist in a purchase decision.

Long-range goals might involve studying this text in hopes of passing the next exam, obtaining a degree, becoming a better marketing manager, or all three. An individual's goals and the types of information needed to achieve those goals are a function of that person's existing and desired lifestyle and such short-term motives as hunger or curiosity. Of course, people are also exposed to a large number of stimuli on a more or less random basis during their daily activities. While driving, they may hear commercials, see billboards and display ads, and so on that they did not purposefully seek out.

- Darling
- Spirited
- Imaginative Up
- to date
- Brand Personality
- Sincerity Excitement Competence Sophistication Ruggedness
- Down to earth
- Honest
- Wholesome

- Cheerful
- Reliable
- Intelligent
- Successful
- Upper class
- Charming
- Outdoorsy
- Tough

The impact of the active, self-selecting nature of exposure can be seen in the zipping, zapping, and muting of television commercials. Zipping occurs when one fast-forwards through a commercial on a prerecorded program. Zapping involves switching channels when a commercial appears. Muting is turning the sound off during commercial breaks.

The nearly universal presence of remote controls makes zipping, zapping, and muting very simple. And yes, males do use the remote more than women for zapping, changing channels during the show, and channel surfing. Although consumers often avoid commercials, sometimes they actively seek them out. Many viewers look forward to the commercials developed for the Super Bowl. More impressive is the positive response consumers have to infomercials – program-length commercials (often 30 minutes), generally with an 800 number and/or Web address through which to order the product or request additional written information. They have been found to positively affect brand recall, attitudes, and purchase intentions. One study found that early adopters, opinion leaders, and active shoppers are more likely to view infomercials than are other consumers. This suggests that they may have significant indirect effects through their impact on word-of-mouth communications.

Banner ads are the dominant form of advertising on the Internet. Exposure to these ads is generally involuntary, as consumers encounter them while seeking other

information or entertainment. In one survey, 75 percent of recent Internet users had visited a company's home page, primarily to obtain product information. Eighty-five percent of these sought out a website because they saw or heard about it in a mass media ad. The study also found that half of those using the Internet sometimes click on banner ads for additional information.

2.7.2. Attention

Attention occurs when the stimulus activates one or more sensory receptor nerves, and the resulting sensations go to the brain for processing. People are constantly exposed to thousands of times more stimuli than they can process. Each television network shows 6,000 commercials per week, and radio stations air many more. Therefore, consumers have to be selective in attending to marketing as well as to other messages. What determines or influences attention? At this moment, you are attending to these words. If you shift your concentration to your feet, you will most likely become aware of the pressure being exerted by your shoes. A second shift in concentration to sounds will probably produce awareness of a number of background noises. These stimuli are available all the time but are not processed until a deliberate effort is made to do so. However, no matter how hard you are concentrating on this text, a loud scream or a sudden hand on your shoulder would probably get your attention. Of course, attention always occurs within the context of situation. The same individual may devote different levels of attention to the same stimulus in different situations. Attention is determined by these three factors: The stimulus, the individual and the situation.

STIMULUS FACTORS

1. Size and Intensity: Larger stimuli are more likely to be noticed than smaller ones. Thus, a large banner ad is more likely to be noticed than a small one. In one study, consumers seeking a business from the Yellow Pages attended to more than 90 percent of the quarter-page ads but only a quarter of the small listings.

2. Color and Movement: Both color and movement serve to attract attention, with brightly colored and moving items being more noticeable. Thus, banner ads with dynamic animation attract more attention than similar ads without dynamic

animation. A brightly colored package is more apt to receive attention than a dull package.

3. Position: Position refers to the placement of an object in a person's visual field. Objects placed near the center of the visual field are more likely to be noticed than those near the edge of the field. This is a primary reason why consumer goods manufacturers compete fiercely for eye-level space in grocery stores. Likewise, advertisements on the right-hand page receive more attention than those on the left. The position of text and illustrations within a print ad has a significant influence on which will be attended to first and how much attention each will receive.

4. Isolation: Isolation is separating a stimulus object from other objects. The use of 'white space' (placing a brief message in the center of an otherwise blank or white advertisement) is based on this principle, as it surrounding a key part of a radio commercial with a brief moment of silence.

5. format: Catalog merchants wishing to display multiple items per page often create an environment in which the competition for attention across items reduces attention to all of the items. However, with proper arrangement and formatting, this competition for attention can be reduced and sales improved.

6. Contrast/Expectations: Consumers pay more attention to stimuli that contrast with their background than to stimuli that blend with it. Ads that differ from the type of ad consumers expect for a product category often motivate more attention than ads that are more typical for the product category.

7. Interestingness: What one is interested in is generally an individual characteristic. Snowboarders would be likely to attend to ads related to that activity, whereas nonboarders would not. However, there are characteristics of the message itself that cause ads to interest a large percentage of population.

8. Information Quantity: A final stimulus factor, information quantity, relates more to the total stimulus field than to any particular item in that field. Although there is substantial variation among individuals, all consumers have limited capacities to process information.

INDIVIDUAL FACTORS

Individual factors are characteristics of the individual. Interest and need are the primary individual characteristics that influence attention. Interest is a reflection of overall lifestyle as well as a result of long-term goals and plans (e.g. becoming a sales manager) and short-term needs (hunger).

SITUATIONAL FACTORS

Situational factors include stimuli in the environment other than the focal stimulus (i.e., the ad or package) and temporary characteristics of the individual that are induced by the environment, such as time pressures or a crowded store.

Program involvement: In general, the audience is attending to the medium because of the program or editorial content, not the advertisement. In fact, as we saw earlier, many individuals actively avoid commercials by zapping them.

CUSTOMER PROFILE The customer profile is deduced from the customer benefit. It includes also the customer buying process. **Definition: The customer profile describes the characteristics of the customer who could really benefit of your product or service.** Clearly, if you intend to sell fun boards, your customer profile is not those of aged persons!
Customer characteristics You can start by defining your ideal customer and list all characteristics you will expect in this profile: -**Business to consumer:** The main characteristics are quite unlimited: Geographic area, age, sex, income, level of study, employment and so on. So keep close to your benefit analysis and just list the characteristics that correspond to the benefits you offer: If you sell bathing suit, you will not care for people living in north pole. If you sell fur clothes, do not loose your time with the characteristics of people living in Central Africa! -**Business to business:** The main characteristics are the company size, the products or services, the level of technology, the turnover, the staff number, the location and so on. You must describe the required customer profile according to your product or service **Example:** What's the customer profile for **fun board** -**Demographic characteristics:** 15 to 25 years old, male, healthy -**Economic characteristics:** Student or young professional, not less than $30,000 income coming from parents or work. -**Social characteristics:**

Middle and upper-middle class. **-Geographical area:** North America, Australia, Northern Europe. **-Special interests:** Sport like and sea like. You just have to Think in order to define your customer profile: Of course, he is a young man. He has good money because you cannot afford to buy a fun board when you are short for your daily living. So, you can expect that he comes from developed countries. Obviously, he likes sports and sea very much. Why do you need all these characteristics? The response is that you need the larger information to channel effectively your advertisement: For example, the fact to know where he is located will conduct you to advertise mainly in english and in sportsmen newspapers. **22-Customer buying process** According to your customer profile, you have to focus on the customer buying process. It is not the same thing to buy a candy, a car or a real estate. You have to emphasize on the following aspects. I call it the **DTHP process**: **-Who is the decision making person?** In business to business, the purchaser may be a top ranking executive: The more hierarchical levels involved, the more difficult the sale. In business to consumer, the buying process could imply on person or the entire family. The same observation applies: The more individuals or groups involved, the more difficult the sale. **-At what time or period, does he buy?** Consider frequency and regularity of the purchases. Some business follow seasoning periods such as the toys, the bathing suit. This period can be short: For example, the selling of flowers on sunday, or the clothes during the discount periods. **-How does he buy:** The buying decision includes the following process: -The customer becomes aware of a need: The need could originate from an impulse (candy) or from a recognized deficiency (such as a refrigerator) -The customer begins to explore how meeting the need: He reads newspapers, yellow pages, and so on. It is very important to know how does he explore to target advertisement channels. -According to the need and his income, the customer refines the buying criteria and defines a budget. -He narrows the field of his choice in comparing quality/price ratio. He could need physical touch or face to face interaction such as a test drive. -Finally he closes the sales. In many process, he needs to be helped by a salesman! **How does he pay:** Does he use cash, check, or credit card? Does he ask for times payment? Does he need a loan? If you could link some financial services to your product, such as times payments, it should give you a high advantage especially for expensive items.

External readings:

The decision making process is simple for a soda, more complicated for a car: Click on: www.smartcarguide.com . This reading will show you that the buying process for a car implies twenty different steps!

Click also on: ecommerce.vanderbilt.edu then click on "student project", then on "filing the gap in online retailing" and finally on "buying process". This reading compares the buying process in physical world and on line, for books, clothes, flowers, and cars. As you could see, there is a gap in the on line buying process because the customer does not get any physical touch. The best way to get information about the buying process of your product is to talk with the retailers. You don't need a questionnaire or a customer form. Take it easy: just talk with people in an informal way, have chat about the weather, and ask some short questions to collect right information's.

1. Customer benefit 2. Customer profile 3. Market customer 4. Do it yourself 5. Coaching

3-MARKET CUSTOMER You do not intend to sell to only one person. So knowing the customer profile, you have now to group all the persons sharing the same profile: It is your market customer

Definition: A market is a group of customers (or prospects) sharing the characteristics which cope with the benefits offered by your product or service.

Example: -There is a group of persons eager to travel: there is the tourist market. -There is a group of persons who use car. There is the car market. Then we have to separate undifferentiated markets and market segments.

31-Undifferentiated market If your product brings benefits to everyone, you can treat the market as a whole. For example, anybody whatever his age, sex or revenue drink soda. Nevertheless, you have to take notice of the geographical area. For a retailer, the soda market is around his shop. For Coca cola, that is the entire world.

32-Market segments In most cases, inside a broad market, you have to differentiate segments. It means that the **market segmentation is one of the most basic concept in marketing. -Definition: The market segmentation is the process of splitting**

customers within a market customer, into different groups sharing some specific characteristics. Compare with the definition of the market customer. The important word is the adjective **"specific"**. Among the common characteristics of your market customer, you only focus on some **"specific characteristics". Examples:** -If your project is to manage an hostel, the tourist market is your customer market but it is not very useful. The tourist market includes cruisers, hostels, tour trip, trekking and so on. Within the tourist market, you have to study the hostel market and inside this broad segment the specific one which corresponds to the benefit your hostel will offer (Is it a five stars or a two stars hostel? is it located on sea shore or in the Rocky Mountains?)

We have defined above the customer profile for fun board and consequently our customer market. Right now, we will focus on only one geographical characteristic. It means, for example, that we only focus on North America and inside it on USA. In doing so, we isolate a market segment within our broad market. With a segment you can execute your advertising activities to yield your business targets. Without a segment, you risk wasting money. Once again, three major variables are used : - **Geographic segmentations** divide the market by country, region and city: It is often a good starting point to begin with a single geographical territory. Once you have completed the segmentation for it, you can test the applicability to other and larger areas. - **Demographic segmentations** divide the population on measurable variables such as age, sex, income, educational level and so on, - **Psychological segmentation** is often quite difficult and needs costly surveys. **External readings:**

The next reading shows a list of detailed criteria currently used: Click onwww.businessplans.org . Click on "business planning resources" and then on "segmentation". You will find here many ideas about possible criteria. Some of them could apply to your product. In using them, you will be able to narrow your segment. Anyway, each segment must be: **-Homogeneous:** It's the first quality required for a segment. It means that a segment must be clearly different to others segments in the same broad market. For example, a segment having people income ranking from $20,000 to $200,000 is not homogeneous and worthless for a marketing strategy. **-Consistent**: If your segment counts only three prospects, and except you sell nuclear plant, it's not enough to develop sales and profits. A segment must count

a large number of prospects. The factors which can influence the size of the segment are the increase in population, the situation of employment and the changes in income, the supply of resources, the evolution of laws, the consumer tastes and preferences and notably the fads.

-Profitable: A segment must generate profit. It means that the prospects in the segment have a sufficient income with regard of the product price. If you sell luxurious car, it's not very smart to isolate a segment which only contains deprived people! **-Executable:** It means that you can reach the segment through advertising, sales force, distribution. It is worthless to isolate a segment if you are unable to join the people who are inside it. For example, there is certainly a consistent segment for fun board in China but If you do not speak chinese, you will never make a dollar with it. From a practical point of view, **your first task is to evaluate the size of the segment.** Easy to say but it's a real hurdle, because you have to calculate the entire sales volumes of all the suppliers in the segment. It means that you should add all the turnovers of the competitors existing in this segment. How could you manage that in the specific case of our fun boards? Down-earth advice: With chambers of commerce, producer associations, and so on, you can know how many cars, how many tons of cotton, rice, crude oil and so on, have been produced and imported in the US, and consequently consumed. By the same way, you can know the global amount in $ of the sport sales in the USA by year 2002 Let's suppose that your own segment is in Arizona. First you do the following calculations: Total sales USA*Arizona population/ US population=Arizona sales

You know the amount of sport stuff sold in Arizona by 2002. Now, you will meet in your area three big retailers selling sport articles and you should just ask them one question: When you are selling $10,000, what is the percentage of fun boards? Suppose they answer one fifth ($2000). Then you have just the calculate: Sport articles sales in Arizona/5= Estimated fun board sales in Arizona. You have the total sales of fun board in Arizona. Now, evaluate the average price of a fun board (just visit a lot of shops and quote the prices) and divide the sales volume by the average price: Fun board sales in Arizona/ average price= number of fun board sold. You were in the dark at the beginning and now you know the estimated numbers of fun

board sold in Arizona by 2002! These calculations look rough but do not worry. By experience, I know that the consulting group which are charging heavy fees just proceed like that! Be very serious about stats: Too often, people do not like too much the figures and only trust their intuition. In this matter, intuition appears often to be wrong. Real life example: In the sixties, an European consulting

A COSTUMER DATABASE

A costumer database is an organized collection of comprehensive data about individual costumers or prospects, including geographic, demographic, psychographic, and behavioral data.

CONSUMER ANALYSIS

Initial steps in the marketing research that identify and collect information on the target market's needs, profiles, and consumer behaviors in order to establish market segmentation.

How to Organize the customer Information?

How all this information can be organized for an easy access and use? Should it fit into a single system or multiple systems? How can I fit my data into the database structure?

Single vs Multiple Systems

Using a single database minimizes the hassle of synchronizing multiple sources of data and improves data accuracy.

However, if your business software must incorporate industry-specific logic, you are unlikely to find an integrated system that includes both that logic and a full-featured customer database. In that case, the best option is to use your industry-specific software as a primary source of information and copy the customer records from that software into the customer database, where you add more information to them.

As much as possible avoid synchronizing the two systems both ways - there should be just one master customer database.

Customizing databases to fit your information

Now that you decided what information goes into your database and where it comes from, consider how this data can fit into the database.

The simplest method of customising a database is creating extra fields in the customer record. Many database programs make it easy and so you can accommodate business-specific information by adding more and more fields.

When you have hundreds of fields, the system becomes difficult to manage. This is probably because you have put together information about different objects. Re-structuring your data makes it easier to access and manipulate. There are two methods of re-structuring such data:

- Splitting customer records into related record types
- Storing some information in external files

Splitting customer records into related record types:

Suppose we need to record basic family information:

- Family name
- Husband's name and birthday
- Wife's name and birthday
- Child 1 name and birthday
- Child 2 name and birthday
- Child 3 name and birthday

If you were to add all these details to your customer record, they will occupy eleven fields. Finding a John Smith will be difficult - you need to search four times - for John as the husband, Child 1, Child 2 and Child 3. And the system won't accommodate families with four or more children.

To handle this information, the databases can store it in different record types and relate these records to one another. Because of these ability these databases are called relational (as opposed to flat) databases. In a relational database, you would have family and person information in different records and link persons' records to their family record.

In our example, each personal record will then have three fields: name, birthday and the link to the family record. John Smith can be easily found with one search, no matter who he is in the family. The difference in ease of use is even more apparent when you need to store more information, like insurance policies with number, name of the insurer, montly premium, expiration date etc.

To see if a piece of customer information should be tracked in a separate record type check whether a customer can have more than one of it. Can a customer have multiple policies? family members? air conditioners? Can a customer be included into multiple lists? If the answer is yes, then those objects should be tracked separately and linked to the customer records. If no, they can be incorporated into the customer record.

Storing some information in external files.

There is a natural desire to track all customer information on the database, but is it really required? There are some data types that databases don't handle well, for example, spreadsheets. The databases are designed to work with large number of similar records, while in a spreadsheet each row could be different from the previous one. Spreadsheets' formulas can be easily modified, while in a databases they are programmed.

So if you are used to tracking some customers information in spreadsheets or some other external files (photos, text documents etc), perhaps it is worthwhile to continue doing so, linking those files to the customer records. You will keep your database simple and agile and retain the familiar ways of working with these files, but can still easily access all customer information from a central location.

The down side is that you cannot easily search on or otherwise process the information that is stored externally. If you store customer borrowing power

calculations in Excel spreadsheets, you can easily access this data on any customer, but cannot find customers who can borrow in a specified range without going through each and every record.

Which Database Software to Use?

Many people consider one or more of the following choices:

- Microsort Access
- Popular contact managers, such as ACT or Goldmine
- Accounting program
- Employing a software developer
- A package that is both siinple and easily customizable, such as Simply Contacts Database.

Microsoft Access

Perhaps one of the first programs people turn to when it comes to building customer database is Microsoft Access, probably the single most popular database program. Most already have it as part of Microsoft Office Professional or Premium, making it an easy choice. The system comes with Wizards assisting in setting up new databases, creating tables and basic forms.

However, beyond the basic setup, you are on your own. To add a field, you need to add it first to the database, then to all the forms and reports where you need it. Maintaining lists of values for drop-down lists is not a trivial task. As the number of fields grows, maintaining forms layout quickly becomes a chore.

Access is a great system in the hands of a professional, but developing a functional customer database in it usually requires more expertise and time than a business person can afford.

Popular Contact Managers

Many people have heard about ACT and Goldmine. Unlike Access, which is a generic database tool, these programs are business applications designed with customer management in mind. They offer rich contact management functionality out of the box and can be extended by adding extra fields, reports or buying add-on modules.

These are capable systems, but their primary target audience is salespeople. According to the vendor's site, ACT is designed for "individuals and organizations involved in selling and other functions where management of contact details, activities and communications is critical." From customizability point of view, ACT is similar to Access. Yes, you can add a field to the program, but you have to do it at least twice - in the database and on-screen - and in any reports if you wish to see it.

The program's functionality suits a busy salesperson whose day is filled with appointments, pursuing leads, writing proposals, closing sales and so on. But for many other users it is simply excessive.

Accounting Program

The main purpose of a customer database is to improve service and relationships with your customers. The main purpose of accounting software is to balance your books. Customer database deals with the client side of your business and does not go beyond order fulfillment. Accounting software deals equally with the sale and supply sides. You should track prospects on your customer database, but a prospect is of no interest to accounting. Customer database software includes information specific to your business; accounting software incorporates national tax laws. Even though some accounting programs include CRM modules, they lack the flexibility to record the business-specific information.

Employing a Software Developer

Use a software developer if your needs are radically different from other companies. Developers can build a system highly tailored to your business but you need to know

very well what you want to accomplish and relate this to a developer in a clear and concise brief.

Very often business people describe what they need as a "simple program". But as the project unfolds, it turns out the software should do more or handle special cases that were not initially planned. This causes disputes, cost increases and frustration on both sides.

When you are just starting and don't have the full knowledge of what you need, a better way is to experiment and fine-tune the database over time. Starting with a simple, easily customizable package, such as Simply Contacts Database, where you can add extra information in minutes, gives you an opportunity to learn and test your system before investing more time and money.

Simply Contacts Database

Then there are programs like Simply Contacts Database. Out of the box, it includes basic contact information, customer history, notes and can attach external files, such as text documents, spreadsheets or pictures to the customer records or history. It can print mailing labels and do mail merge and e-mail merge.

But the best thing about this software is its flexibility and expandability. There is a simple function to add extra or remove unwanted fields that automatically adjusts all standard screens and reports. On top of this, users can define their own screens and reports. For example, if you want to track both customers and suppliers on your database you can create "customer view" and "supplier view" with different fields to view the respective records, yet display full information in the "contact view".

With a program like Simply Contacts Database, you can start with the data that you already have and easily add more fields as the need arises, perfecting the understanding of the business requirements for your customer database. Once you outgrow the basic system, you can upgrade using the extensive modules library offered by the vendor, or go for an industry-specific or a custom system.

How will it Work with Other Software We Use?

Most modern software packages can exchange data in standard formats, so there is no need to re-enter the data if you already have it in an accounting or a point-of-sale system. There are two main ways to keep the systems synchronized:

- **Export+Import**: Periodically export the data from one system and import it into another.
- **Interface Module**: a special program or a module that transfers the information automatically.
- **Open Database Connectivity**: programmatic access by one program into the database of another.

Export-import is the most universal and popular method of copying the data, but may require some effort to set up properly. There are two types of problems you may experience:

- Fields in one system may not correspond to the other one. For example, address in the accounting program may have separate fields for line 1 and line 2, while the customer database may have one long field instead. The easiest method to get around it is to have two address fields on the customer database as well.
- Duplication of records

  In order to be able to change data in one system and automatically propagate these changes to the other, you need to export the entire customer database, not just the new records. When you load the data into your customer database programs, this may create duplicates.

- Maintaining link between customers and sales records. To link a customer to multiple purchases, most systems extract customers and sales information in two different files. When the data is imported into the customer database system, this link breaks down. Some customer databases can import both files while maintaining the link between them. For example,

in Simply Contacts Database the user can nominate a group of fields : "unique identifier" of a customer record. This allows the program t automatically find the appropriate customer record when loading sales dat and correctly link sales to customers.

Interface Module between the system is easier to set up but is only available between the limited number of programs. It already knows about the database structures of the two systems and ensures correct data transfer. Most mainstream contact managers such as ACT or Goldmine offer interface modules to Outlook and popular accounting programs like Quickbooks or MYOB. Simply Contacts Database includes interface module for Outlook.

Open Database Connectivity (ODBC) is a technical standard that allows one system programmatically access and/or modify the database of another one.

Accounting software Quicken and MYOB make their databases accessible via ODBC. Microsoft Access and systems based on it can both make their database available via ODBC and import data from other ODBC-compliant systems. Operation of ODBC-based connections is fairly easy as they eliminate extra steps required to export and then import a file.

The downside is that setting up an ODBC-based link between two systems typically requires programmer's expertise. Thus Open Database Connectivity is often used in the pre-programmed interface modules.

How Much Will it Cost?

- Most custom-built database programs for small businesses cost between $1,000 and $5,000. Apart from functionality, the factors that affect the cost include:
    - clarity and completeness of your requirements
    - whether the system is web-based or desktop
    - whether it is a multi-user or a single-user system

- the number of records it must manage, ie hundreds vs hundreds of thousands

- If you want to build a customer database program yourself in Microsoft Access, you would either need to have a retail copy of Access (around $200) or Office Professional on each computer or purchase Microsoft Visual Studio Tools for Office (around $800) for your development machine. Your time costs will be probably much more than the software.
- ACT for individuals and small teams retails for around $230 a copy
- Simply Contacts Database retails for around $140 a copy for a basic version. With all the add-ons, it can cost up to $1000 per copy, but you can pick and choose only the modules that you want.
- The cost of industry-specific software including customer databases very dramatically from industry to industry. Sometimes these packages are cheaper, and sometimes they are more expensive than a custom-built program.

Customer Profile Analysis

What makes up a customer profile? It depends on whether your customers are businesses or consumers. In either case, you typically start with your own customer data (such as location, purchases, spending volume), append additional consumer or business data, then group into segments that share similar characteristics.

Consumer Customer Profiles

- **Demographics** - age, income, gender, ethnicity, education level, etc.
- **GeoDemographic Clusters** - there are many clustering databases available, and we will help you choose the right one for your specific profiling needs. Some are industry specific. Others are general. They often include data on interests, lifestyles, purchasing behavior, attitudes and more.
- **Survey Data** - based on data available for purchase or gathered through primary research.

Businesses

- **SICs or NAICs** - Standard Industry Classification (SIC) and North American Industry Classification (NAIC) codes are added to your customer data to determine type of business.
- **Firmographics** - this invented word is used by marketers to refer to a company's characteristics, including number of employees, revenue, growth rate and even specialty data such as the number of computers or spending on telecommunications.

Standard Customer Profiles

Customer profiles can be based on commercially available clustering systems, such as PRIZM®, MOSAIC® or TAPESTRY®. These systems build lifestyle clusters around households and adult populations based on the concept of **"birds of a feather flock together."** Lifestyle clustering means characteristics are common enough that entire neighborhoods are likely respond to marketing in similar ways.

By grouping households with similar purchase and behavior patterns together, "clusters" or "segments" are formed. When we compare your customers to standardized, statistically stable clusters from commercial systems, we can identify the clusters more likely to buy or not buy your products.

Custom Customer Profiles

What if your target customer is a sub-segment of the adult population, such as Hispanics or women ages 35-44, or even children? In these cases, marketers often overlook the fact that profiles developed with these demographics alone are not optimized to deliver the strongest or most accurate results.

Mapping Analytics has the solution. We combine geodemographic clustering systems with a custom index based on an analysis of your customer database. This custom index will account for your target population and customers in each cluster.

The custom index delivers a more accurate and usable foundation for making direct marketing decisions. You will know in which clusters you will find your specific target audience, and which clusters have greater penetration and potential.

Information is the critical component of good business intelligence and decision management. OnTarget Partners offers custom research solutions in a wide variety of areas to enable our clients to have the information that allows for intelligent business decisions. OnTarget helps to answer some of the following questions for our clients:

- Which prospect companies match the parameters of my best clients?
- Who are the decision makers within the prospect companies?
- How do I discover contact information for the decision-makers?
- Does my solution/idea have a market?
- What vertical or geographic markets will offer the best return for my marketing budget?

Although every research project OnTarget works is created and customized for each individual client, generally our research services fall into the following categories:

- Contact data research
- Acquisition research
- Geographic marketing research
- 360° research
- Vertical marketing research
- General market research
- Company prospect research

- This refers to Business to Consumer (B2C) markets.

- Consumer markets involve in purchasing and selling goods and services to end consumers for their own use. (not for re-selling)

- Consumer markets are relatively large.

- Companies selling consumer goods such as soft drinks, soaps, television sets, air travel spend more to establish a superior brand image.

- Product or service quality, features, distribution coverage, promotional activities help these brands to achieve desired position in the target market.

Business Markets

- Business markets also refers to Business to Business (B2B) markets

- B2B markets involve in purchasing and selling goods and services to various businesses, intermediaries and government to make another product or service or resell them to others.

- Compared to consumer markets, business markets are relatively small.

- Business markets must demonstrate how their products will help customers to achieve higher revenue or lower costs.

DIFFERENCE BETWEEN B2B AND B2C CUSTOMERS

B2B customers	B2C customers
Fewer consumers	Higher number of consumers
Purchase goods such as capital equipment, raw materials, semi-finished items and other products for use in further production or operations or for resale to others.	Purchase finished goods for personal or family use.
Require exact product specifications	Often buy considering general features, style, and colour, availability etc.
Involve more parties when making complex or expensive purchasing decisions. Buying specialists are often used.	Number of decision makers is relatively low
B2B transactions are more personal hence promotional activities such as personal selling and direct marketing are effective than mass media advertising.	Spontaneous buying and consumers are influenced by mass market advertising and product presentation.

B2C Buying Decision Process (1)

- Problem recognition
- Information search
- Evaluation of alternatives
- Purchase decision
- Post purchase behaviour

B2C Decision Making Unit (DMU) (1)

- Initiator
- Influencer
- Decider

- Buyer
- User

B2B Buying Decision Process (1)

- Problem recognition
- General need description and product specification
- Supplier search
- Proposal solicitation
- Supplier selection
- Order – routing specification
- Performance review

Different Marketing Approaches

- As there are significant differences between consumer and business markets, organisations need to adopt different marketing strategies for each market.
- These strategies need to be developed based on the needs, wants and buying processes of each market.

Market Segmentation

- The process of categorising customers by identifying similar needs and wants
- Segmentation is important for an organisation because it does not have finite resources. Therefore, they need to get the maximum use of those limited resources.

Segmentation of Business Markets

- Demographic factors
- Operating variables
- Purchasing approaches
- Situational factors
- Personal characteristics

Segmenting Consumer markets

Segmentation variables

- ✓ Geographic segmentation
- ✓ Demographic segmentation
- ✓ Geo-demographic segmentation

- ✓ Psychographic segmentation
- ✓ Behavioural segmentation

Advantages and Disadvantages of Segmentation

- ✓ Advantages
- ✓ The customer
- ✓ The marketing mix
- ✓ The competition
- ✓ Disadvantages
- ✓ Marketing costs will be increased when targeting multiple segments
- ✓ Proliferation of products can happen
- ✓ Narrow segmentation can limit the brand equity

CRITERIA FOR EFFECTIVE SEGMENTATION

- Measurable
- Accessible
- Substantial
- Unique
- Appropriate
- Stable

Contemporary Methods of Segmentation

- Attracting and retaining the right customer can have positive impacts on the organisation
- Attracting and retaining customers is difficult due to the unavailability of data
- Currently data collection and manipulation is significant
- Data and technology is important for serving the customers

......................END OF UNIT 2..........................

UNIT-III

UNIT – III CRM STRUCTURES
Elements of CRM – CRM Process – Strategies for Customer acquisition – Retention and Prevention of defection – Models of CRM – CRM road map for business applications.

Elements of CRM

1. Develop a Customer-Centric Strategy

The first major step in any successful CRM project is the creation of a strategic plan. This plan should clearly define the organization's goals and objectives for delivering value to customers, and outline the specific actions that will be taken to help achieve them. Employee and client feedback should be solicited to help identify which interactions and services are most important and which are most in need of improvement, as well as to help determine the expected impact of the CRM initiative on the customer base.

2. Create a Customer-Centric Culture

Change management is a crucial component of any CRM project. Once an initial plan has been put together, customer-facing teams and departments must be brought into the loop, to ensure they work collaboratively to deliver the highest quality service and support to both existing and potential customers. This may call for extensive changes in a company's culture, structure, and behavior, and will likely require resources to be re-allocated, and key customer-facing processes and activities to be re-engineered, so they are aligned with new goals.

3. Harness the Power of Customer Information

When it comes to CRM, knowledge is power. Ensure that up-to-date customer information flows freely throughout the company, and is readily accessible to all key stakeholders whenever they need it. This can be accomplished by choosing a CRM application that collects data at every critical customer touch-point, and transforms it

into vital intelligence that staff in customer-facing roles can leverage to understand customer needs and preferences, and deliver better, more personalized service.

4. Integrate Technology

In order for CRM to allow for effective coordination and enhancement of service delivery, it must align the fragmented, disjointed processes and technology systems that likely exist in different departments such as accounting, sales, marketing, call centers, and field support. The CRM solution must integrate with other enterprise applications in the IT environment, to allow for seamless execution of customer-facing processes across the entire business.

5. *Conduct Continuous Measurement and Improvement*

Without stringent performance management, a CRM implementation can deliver below-average results – or even worse, fail. Be sure that, early on in the CRM planning processes, a set of measurable performance metrics (both internal and external) are defined, so the success or failure of the CRM initiative can be periodically assessed. Use those metrics to track actual results against goals, identify areas in need of improvement, and make ongoing enhancements to customer-facing activities.

Eight CRM Essentials

It's no secret that winning and retaining customers is the key to business growth and success. But that's no small feat given the dynamic and ever-increasing customer demands that companies face today, as well as the difficulty of implementing and enforcing processes to effectively support your interactions with prospects, customers, and partners. Fortunately, there are dozens of technology products devoted to helping companies manage those critical relationships—commonly known as customer relationship management or CRM. To thrive, companies must focus on customer relationships and CRM strategies. For the most successful companies, CRM is an area of continual innovation and assessment. And your CRM processes and technologies must keep pace with—or ideally stay ahead of—changes in your market and customer base. If you are searching for the right CRM technology for your

business, re-evaluating your current use of CRM, or looking to derive more value from an existing investment, understanding the essential factors of CRM success can help you get the best results. This guide to eight proven CRM essentials distills best practices, lessons learned, and collective insights from salesforce.com's 35,000+ customers—as well as industry experts—across various company sizes, geographies, and vertical markets.

The Eight CRM Essentials

1. Rapid time to value

2. Point-and-click customization

3. A 360-degree customer view

4. Real-time visibility

5. No more dirty data

6. High adoption

7. Extending your success

8. A broad community

CRM Essential #1: Rapid Time to Value

Instant messaging, 24/7 customer service, shorter development cycles... today, businesses and their customers move at a rapid clip. Buy decisions are made quickly, and in fact entire businesses can succeed or fail in a matter of weeks. That means that the no one has the luxury of waiting months or even years to install a traditional, expensive, client/server CRM application. The competitive advantage today is on-demand CRM.

On-demand CRM solutions are better suited to today's fast-moving businesses. You can be up-and-running with on-demand CRM in a matter of weeks, so you can focus on delivering greater value to customers, rather than worrying about installing and

maintaining hardware and software. Unfortunately, many companies do exactly that—spend too much time managing IT infrastructure and not enough time on the business. According to Gartner, "Eight out of 10 dollars you spend in IT is dead because, while it is keeping the lights on, it isn't directly contributing to your business growth or to enhancing your competitive advantage." ["The 2006 Gartner Symposium Keynote: IT Must Think Differently, Act Differently and Be Different to Drive Business Growth," by Mark Raskino, et. al., October 19, 2006.] With no software to install or upgrade and no hardware to house and manage, on-demand CRM frees IT to be more

innovative, responsive, and strategic for your organization.

By leveraging an agile, on-demand platform, you begin seeing the benefits of CRM immediately.

- Concentrate on your business initiatives. There's no hardware or software to buy or install.
- Let your users get started right away. Born-on-the-Web CRM solutions are as easy to use as the consumer Web—anyone familiar with Amazon.com or My Yahoo! will be comfortable with the Web interface of on-demand CRM.
- Accommodate global requirements quickly. You can manage multiple languages and currencies as easily as English and U.S. dollars.
- Get a custom solution for your specific needs quickly. With a few clicks of the mouse, you can make departmental, regional, or global changes; add custom data fields, new users, and workflow rules; and even create new applications.

With the on-demand model, customer-facing employees—and strapped IT teams—no longer have to get embroiled in complicated, time-consuming, high maintenance technology projects. Not only does on-demand CRM deliver numerous business benefits, it does so quickly and with minimal distractions and hassles for your busy teams, so they can focus on your business, not on technology.

CRM Essential #2: Point-and-Click Customization

No CRM solution is going to fit like a glove right out of the box, because the reality is that no two companies' customer relationships and processes are exactly alike. However, because many traditional CRM solutions are difficult and expensive to customize, some organizations are forced to alter their business processes to fit the capabilities of their CRM technology. The key to success is a highly flexible CRM solution that allows you to keep pace with changing customer needs and your evolving business environment.

On-demand CRM is uniquely suited to adapt to changing needs in real time. No matter what type of business you're in, how big or small your company is, or how unique your customer relationships are, your organization will benefit from the flexibility that the on-demand model provides.

1) Configure any field, workflow rule, page layout, or report with a few clicks. Implement changes for specific users and teams, and take control of the entire customer lifecycle—marketing campaigns, leads, opportunities, customer service and support, etc.

2) Create custom applications for your unique processes or add other best-of-breed on-demand applications—without programming.

3) Roll out CRM in additional languages and currencies instantly for your colleagues in other geographies.

The ease with which we can point and click our way to customizing consumer Web pages has dramatically raised everyone's expectations for implementing changes even in business applications. Only the on-demand model can accommodate quick customizations on an ongoing basis, making the weeks or months it takes to make even simple changes to traditional software seem hopelessly old-fashioned.

CRM Essential #3: A 360-Degree Customer View

The quality of the customer experience makes and breaks companies. Customers are becoming increasingly demanding and sophisticated, and they'll take their business

elsewhere if you don't deliver the superior service they feel they deserve. Companies today are challenged to integrate and manage the complete customer lifecycle—seamlessly and effectively—to win and retain those highly desirable most-profitable customers. For many companies, the underlying, proven formula for success involves using on-demand CRM across all those critical customer touch points.

Too often, sales, operations, marketing, customer service, help desk support, professional services, and other customer-facing organizations use disparate systems, so no one has a complete picture of the customer. With a multitenant, on-demand CRM solution, customer information and activities are easily unified and shared so that every department has a 360-degree view of the customer and can provide quicker, better service.

1. Leads go directly to the right sales team or individual rep, are well qualified, and include the right information.

2. Marketing gets real-time visibility into the status of every lead, sees which lead sources drive the most revenue, and plans appropriate customer marketing campaigns.

3. Service and support organizations get visibility into which products or services the customer is using and any pending sales opportunities, and can alert the sales team to potential cross-sell and up-sell opportunities.

4. Back in sales, reps get insight into any outstanding customer service issues so that there are no unpleasant surprises when they make their sales calls.

CRM Essential #4: Real-Time Visibility

To stay competitive, businesses must "mind their metrics." Constantly monitoring the health of the business, determining what's working and what's not, and making adjustments to improve operations and increase revenue are essential to surviving and thriving in today's competitive market. As easy as it sounds, every executive knows that too often, it's difficult or impossible to get the timely analysis you need to effectively run the business.

With traditional enterprise software, getting tailored reports usually requires IT involvement and days or weeks of waiting. With on-demand CRM, business intelligence is democratized. Executives and managers finally have instant visibility into all aspects of the business—everything from a bird's-eye view to the microlevel details. Running reports and setting up real-time dashboards require just a few clicks. No more consolidating disparate spreadsheets and working with data that's days or weeks old. Executives in every department can get the total customer insight they need to build a stronger, more profitable business.

- Sales executives get better insight into customer information and sales activities and finally have instant access to accurate pipeline information and forecasts. And with the ability to add partner relationship management, channel sales can be managed right alongside inside sales, for an integrated view of all your sales activities.

- Marketing executives can measure and manage the effectiveness of their campaigns and tie revenue back to individual marketing activities. Finally, marketing ROI is measurable.

- Customer service and support executives have access to up-to-the minute information about global service operations—such as agent performance and service quality—so that they can make the right adjustments and implement changes that will have a positive impact, quickly.

CRM Essential #5: No More Dirty Data

Almost every company suffers from "dirty data" syndrome, and few have any idea what to do about it. Consider the findings of the IBM Global Data Management Survey of 600 major enterprises: 75 percent of the respondents reported significant problems as a result of defective data, including violated contract terms, failure to bill or collect for services or products delivered, delays in or abandonment of new systems projects, and extra accounting costs.

You can't be successful with CRM until you find a remedy to the data integrity problem that is prevalent in organizations of all sizes and in every industry. A

three-step approach to quality data management can address this issue so that your CRM initiative will be free of dirty data.

1. Capture. If you don't capture it, you can't measure it. In order to capture all the data you need to get an accurate analysis of your business, you need everyone in the company to use your CRM system rather than store data in unintegrated or offline sources such as spreadsheets. To get quality data, high system adoption is critical. You can also capture customer information (such as leads) from your Web site to populate your CRM system.

2. Clean. Once you have the data in your CRM system, you need to continually weed out bad data by removing duplicates, synchronizing changing data, and updating information. You should have the flexibility to leverage data cleansing applications that tie in with your CRM.

3. Augment. Merely cleansing your data is not enough. Maintaining high data quality also means filling in the blanks. For example, some of your account records may be missing company information such as revenue, number of employees, key executives, and so on. You can augment .your data by leveraging data service providers to help you fill in the gaps. Providing your teams with full details on their customers or potential customers in one spot makes them more effective at in-depth analysis and prospecting.

A centralized customer data repository is the critical foundation of any CRM initiative. As with any data driven application, the quality of the data determines the achievable level of success. The creation of an accurate, timely, information-rich, centralized view of the customer across channels and lines of business is a key enabler for reducing costs, managing risk, and increasing revenue and profitability in customer-centric organizations.

Research shows CEOs around the globe are demanding this single view of the customer. Savvy executives know that clean customer data is much less costly than not having enough insight to make intelligent business decisions or losing customers to poor service. So what better time to kick off a project to whip your customer data into shape?

CRM Essential #6: High Adoption

There's nothing worse than investing in CRM and having no one show up. Too many CRM projects fail due to poor user adoption. After all, technology is only as good as the people who use it. To ensure that people do use your CRM system, it must be easy to use, accessible, and scalable, and significantly enhance productivity, efficiency, and visibility. On-demand CRM solutions that are delivered via a Web browser encourage adoption by replicating the familiar point-and-click interfaces of popular consumer Web sites, where everything must be user friendly. A look at successful CRM initiatives uncovers several best practices for driving user adoption.

- Build support for CRM early on. You should communicate your CRM strategy and timeline to key stakeholders well in advance of the implementation to set expectations.

- Go top down, bottom up, and sideways. After securing an executive sponsor, have him or her send a communication to the company to reinforce the importance of the initiative and encourage participation. You should also cultivate active and vocal advocates/end users to drum up support among the troops and identify team project members from all affected areas of the organization.

- Focus on people and processes. You need to recruit people who know the day-to-day activities of your user community, work with them to thoroughly document business processes, and customize the CRM application to reflect those processes.

- Make your users' lives easier. It must be easy for users to sync information with their other tools, like Microsoft Outlook. Integrating with related systems provides a one-stop-shopn for all the information users need. And you can delight users by providing unexpected information of value, right when and where they need it. For example, when a user enters competitive information about a deal into the CRM application, point him/her to the location of materials on how to sell against that competitor.

- Let them take it on the road. For mobile employees such as field sales reps, nothing boosts productivity and user satisfaction more than providing CRM access from the field.

- Keep it simple. Provide users with information relevant to their everyday tasks. Don't overburden them with excess information that will distract them and impact productivity. Customize the views that each team and user type sees, so that an individual user sees only the information relevant to his/her role or project.

- Train you users in advance. You should develop online and custom training to reinforce your unique processes, roles, and terminology. Even the easiest-to-use CRM system benefits from custom training to show users how the system relates to your company.

- Give executives—and everyone—a bird's-eye view. Give every executive a dashboard that provides instant visibility into all the metrics he/she cares about. Empower every user to create his/her own reports without having to wait for the system administrator or IT team.

CRM Essential #7: Extending Your Success

Business is about evolution. Smart and successful companies are flexible enough to adapt as necessary while never letting go of the core mission and values. If your business must be nimble to survive, why should you commit to a rigid, inflexible technology solution for something as important and core to your business as CRM? The ability to tie-in additional best-of-breed applications that address other key business initiatives and processes is essential to the long-term success of your CRM solution. On-demand CRM embraces the latest Web services technologies so that companies can take the on-demand model beyond CRM by plugging in other Web solutions or even building custom on-demand applications easily and quickly.

With Sales force CRM, for example, customers can find, test drive, and quickly install additional applications from the App Exchange. This unique marketplace offers hundreds of pre-integrated applications—from salesforce.com, developers, and

partners—that supplement the core Sales force CRM functionality or automate entirely different business processes, such as human resources, finance, administration, and operations. These applications have all the benefits of on-demand CRM: no infrastructure or hardware requirements, easy customization, real-time insight, and more.

CRM Essential #8: A Broad Community

Community-building Web technologies and sites are some of the most popular and fastest-growing areas on the Internet today. Through blogs, wikis, social and business networking sites, and much more—people are increasingly engaging with each other online. At the same time, companies are realizing that nurturing their customer communities and engaging with customers can yield dramatic results in terms of customer loyalty and brand awareness. At the cross section of these two trends is on-demand CRM: the perfect enabler of community growth.

On-demand CRM solutions can help build and manage interactive, online communities. The interaction and feedback that are generated in the online forum can flow back into the CRM system for analyses that can guide decisions on improving the overall customer experience. You can facilitate the growth of a strong customer community by providing online forums for a variety of topics of interest to your customers, including:

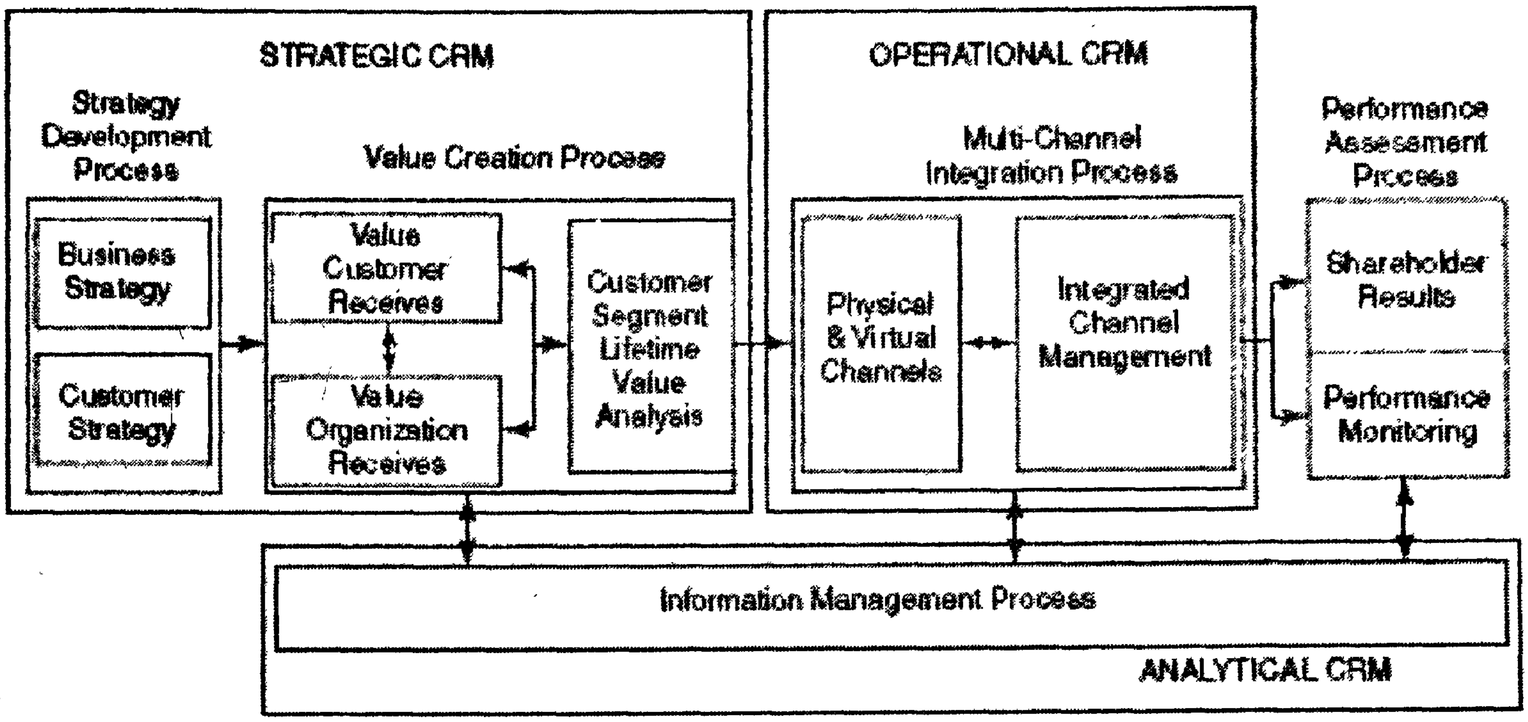
- Best practices. Encourage customers to share tips, tricks, success stories, and ideas, etc.
- Ideas and voting. You and your customers can share ideas on the future of your products and services.

Providing the opportunity for customers to vote on ideas is an excellent way to get feedback, drum up participation, and help customers feel invested in your company's future.

CRM PROCESS

The process can be defined as the way in which things are done within an organization. Reference have defined CRM processes as "the activities performed by the organization concerning the management of the customer relationship and these activities are grouped according to a longitudinal view of the relationship". References and articulated that the objective of CRM process is to form customers' perceptions of an organization and its products through identifying customers, creating customer knowledge, and building customers relationships. Reference stated that CRM processes are categorized into vertical and horizontal processes, front-office and back-office processes, and primary and secondary processes. He articulated that vertical processes refer to the processes that are placed completely within business functions like customer acquisition process while, horizontal processes refer to the cross-functional processes like product development process.

Front-office processes refer to the customer facing processes like complaint management process while, back-office processes refer to the hidden and non-facing processes from customers like the procurement process. The primary processes are the processes that have major cost or revenue implications for organizations like the logistics process in courier organization and claims process in insurance organizations while, the secondary processes are the processes that have minor cost or revenue implication for organizations. Reference, on the other hand, have identified three levels of CRM processes; (i) the customer-facing level, (ii) the functional level, and (iii) the companywide level. Moreover, there are different views and perspectives for the CRM processes where the following sections will provide a description of the main themes of these perspectives.



The interrelated CRM forms and processes

A. Customer-facing level CRM processes

According to Reference CRM process at the customer-facing level can be defined as "a systematic process to manage customer relationship initiation, maintenance, and termination; across all customer contact points to maximize the value of the relationship portfolio". There are three CRM processes at the customer-facing level of CRM including relationship initiation, relationship maintenance, and relationship termination. Reference provided an explanation for each one of these processes as the following:

a) the initiation process refers to the activities that take place before or in the early stages of the relationship, such as identifying potential customers;

b) the maintenance process includes the activities that portray normal customer relationships, such as cross-selling, up-selling, or retention programs; and

c) the termination process includes both the activities used to find and settle on ending a bad relationship for example, ending the relationship with unprofitable, or low value customer, and the termination management activities. This process could happen at any time of the relationship.

The customer-facing level CRM processes includes the building of a single view of the customer across all contact channels and the distribution of customer intelligence to all customer-facing functions. This perspective emphasizes on the importance of coordinating information across time and contact channels to manage the entire customer relationship systematically.

B. Customer-oriented CRM processes

Customer process encompasses the customer activities performed to satisfy a need or to solve a problem [30]. Reference [30] indicated for the semi-structured and knowledge intensive nature of the customer-oriented CRM processes. In addition, they have differentiated among three kinds of customer-oriented CRM processes; (i) CRM delivery processes, (ii) CRM support processes, and (iii) CRM analysis processes. CRM delivery processes are the processes of direct contact with customer and are considered as part of the customer process including campaign management process, sales management process, service management process, and complaint management process. CRM support processes deal with accomplishing supporting purposes through the market research process and loyalty management process while, CRM analysis processes concentrate on combining and analyzing the collected customer knowledge in other CRM processes, including the processes of customer scoring and lead management, customer profiling and segmentation, and, feedback and knowledge management.

C. Cross-functional CRM processes

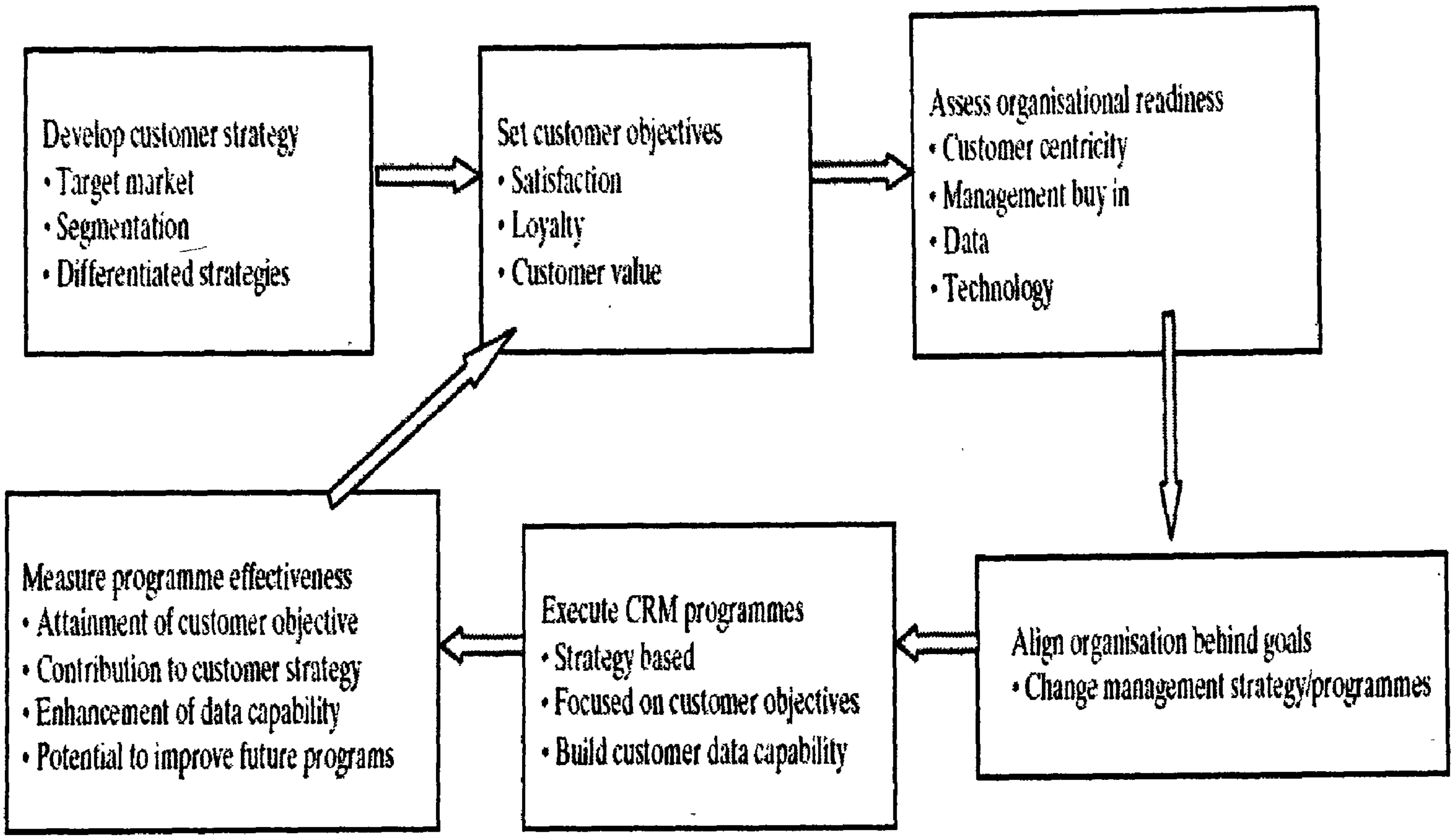
Five generic cross-functional CRM processes based on a holistic approach of including (i) the strategy development process, (ii) the value creation process, (iii) the multichannel integration process, (iv) the information management process, and (v) the performance assessment process. Reference illustrated how four of these CRM processes are allocated to the CRM forms; strategic, analytical, and operational those mentioned before, and how they interact with each other, as depicted in figure 1. Reference suggested four CRM processes including strategic planning, information management, customer value, and performance measurement processes. The

categorization of is very close to classification where, there share phases between the two views and some of them are included within one another.

D. CRM Macro-level processes

CRM macro-level processes refers to the undertaken activities of an organization to create market intelligence that the organization can leverage to build and sustain a profit-maximizing portfolio of customer relationships through two sub-processes; knowledge management process and interaction management process. The knowledge management process and the interaction management process are highly dependent on the technological and human resources of the organization. Knowledge management process is defined from CRM perspective by as the process that "is concerned with all of the activities directed towards creating and leveraging the market intelligence that firms need to build and maintain a portfolio of customer relationships that maximizes organizational profitability". The knowledge management process can be sub-divided into three processes; data collection, intelligence generation, and intelligence dissemination. Data collection refers to the capture of information related to the market and customers. The intelligence generation refers to the conversion of the captured information into actionable intelligence witch needs to be disseminated in the intelligence dissemination process across the organization to all employees who have a direct contact with the customer or working on the marketing activities of the organization.

CRM PROCESS MODEL



This model starts with the development of customer strategy in which the target market is identified. Differentiated strategies are developed to deal with customers segments based on their profitability. Then, the setting of customer objectives is performed that aim for achieving customer satisfaction, customer loyalty, and customer value. After that, assessing the organizational readiness is carried out through turning the organization focus toward customer rather than products, assuring the top management commitment and support, and planning for the implementation of a CRM system. Next, an alignment of the organization behind corporate CRM goals that required an enterprise-wide program of change management is accomplished that may include change in the organizational fundamental processes or a fundamental transformation in the organizational culture (product-centric to customer-centric). After that, the execution of CRM programs is brought about, in which the focus on carrying out differentiated strategies for each customer segments by specific program. Finally, the measurement of CRM program effectiveness is carried out through the development of a set metrics that are supposed to measure the attainment of customer objectives, to measure the contribution of each individual program to the overall CRM initiative, to measure the contribution of each program in the enhancement of an organization's data capability, and to measure the potential for

improving the future programs. This model illustrates a simple representation of the requirements for CRM processes toward achieving the objectives of CRM initiatives. However, it can be improved and enhanced in order to provide a better illustration and representation of the requirements of CRM processes. The first thing that can be suggested here is the adding of one requirement at the beginning in the model, which is creating a customer-oriented culture in the organization. This customer-oriented culture will aim to initiate the need and create the awareness of CRM and the importance of the main principles and values of CRM. Another thing that could enhance the model is reflecting the feedback after measuring the program effectiveness step to the development of customer strategy. Based on this feedback it could be a need to change the target market, the customer segmentation, or the differentiation strategies.

The understanding of CRM processes discussed earlier accompany with the guidance of this process model and the suggested enhancements of the process model will provide great help for organizations to increase the success rate of their CRM programs/systems.

STRATEGIES FOR CUSTOMER ACQUISITION

Managing customer acquisition consists of a variety of interrelated tasks and activities. Among the more important are pricing programs, advertising, alternative and direct marketing systems, sales promotions, and personal selling methods. Based on the solid foundation of developing a customer-oriented company, customer acquisition creates the lifeline of sales and return visits vital to a company's long-term success. The product life cycle model remains an important tool for understanding how to acquire customers. The introduction, growth, maturity, and decline stages of the cycle necessitate careful responses and strategies from the marketing team. Customer acquisition provides a key response to the challenges of competition, especially in the maturity stage of the product life cycle. At every point, companies face the demands of keeping current customers balanced with using tactics to find new customers. In general, three basic forms of customer acquisition are

1. developing existing or new markets,

2. developing existing or new products, and

3. branding programs.

Identifying Markets

Customers are acquired through the analysis of existing markets and new markets. New customers can be located in existing markets. Some may be found through the efforts to increase brand switching. Others can be identified when new needs arise as situations change, such as when television programming shifted from analog to digital signals. Further, a product may be featured as being different and better, which is the product differentiation approach to attracting new customers in existing markets.

Finding new markets, the second approach to identifying markets, consists of geographic expansion into domestic markets and international markets. When a company does not operate nationally, domestic markets are assessed to see which will be the most viable for entry. International markets require careful study prior to setting up any kind of exporting arrangement.

Developing Products

Acquisition of new customers often results from the implementation of a product strategy. Products attract new customers by offering new features, eliminating old problems, and solving different needs. Products will be matched with viable market segments.

Product development is a marketing strategy in which new goods and services are developed and then added to current lines. These are marketed to existing customers. Product diversification occurs when new goods and services are created for new market segments not currently served by the company. Unmet needs, cultural trends, and other developments lead to development and diversification strategies. Recent cultural trends associated with diet have led to new food products, while the desire for connectivity has been associated with the creation of new electronic devices.

One key to developing products is following through with a well-designed plan of implementation that brings the whole company into the process.Product improvements solve specific problems. Many products have been made smaller, faster, more efficient, and more user-friendly over the years. Product improvements may help a firm capture new customers and acquire competitors' customers when it appears the company is selling a "better mousetrap."Product line extensions allow the marketing team to meet more specific consumer needs. A customer with blood pressure problems is likely to try a no- or low-sodium food product. Someone with diabetes will watch for unsweetened or artificially sweetened products.

Branding

A strong brand can contribute to customer acquisition. Major brands enjoy the benefit of being the first considered for new shoppers or those in new situations. Gillette may be the first brand a new shaver will try. Holiday Inn benefits from a well-known brand name that might attract international travelers in foreign countries.

Developing Powerful Brands

The three steps of developing powerful brands include brand awareness, brand equity, and brand loyalty. Brand awareness is the beginning. The two levels of brand awareness include the knowledge that a brand exists followed by knowing what unique things a brand provides. Brand equity is the perception that a brand is different and better. The foundation of brand equity consists of five parts:

1. Differentiation
2. Relevance
3. Esteem
4. Knowledge
5. Emotion

Brand loyalty exists when a consumer makes a concerted effort to find and purchase a specific brand. Brand loyalty can take place between consumers and retail operations. It also links customers with specific brands or products. Brand-loyal

customers are more likely to become advocates who encourage others to try a brand.Brand parity means consumers believe there are few, if any, tangible distinctions between competing brands. It is more likely to be present in mature markets, and consumers become primarily price sensitive. Price does not always serve as a signal of quality. Brand parity may be combated through promotional and advertising programs seeking to find and promote differences, or the marketing team may simply recognize it exists and that such perceptions cannot be changed.

Customer Service and Customer Acquisition

Perceptions of excellence will be not only based on tangible product features but also emerge from intangibles. To acquire customers, manufacturing operations must go beyond providing superior products and make sure the items are delivered on time, in accurate amounts, with correct billing procedures, and with quality service after the sale.Retail stores become more likely to acquire customers when best-value merchandise is offered by caring and attentive salespeople, delivery teams, repair departments, and all others who make contact with consumers.

The importance of a brand reaches a premium for companies that vend services. Services are intangible, which makes the name the primary means by which a company and its services are identified. The responsibility for strong brands spreads from the top marketing manager through the entire organization, including first-line employees both within and outside the marketing department.

A connection also exists between pricing and company service. Customers paying higher prices expect the best service. In general, any time a customer considers a new company, product, or service, several factors influence the final choice. The one common denominator for markets, products, brands, and prices is the connection to customer service. The company that delivers the most memorable quality service automatically has an advantage.

MODELS OF CRM

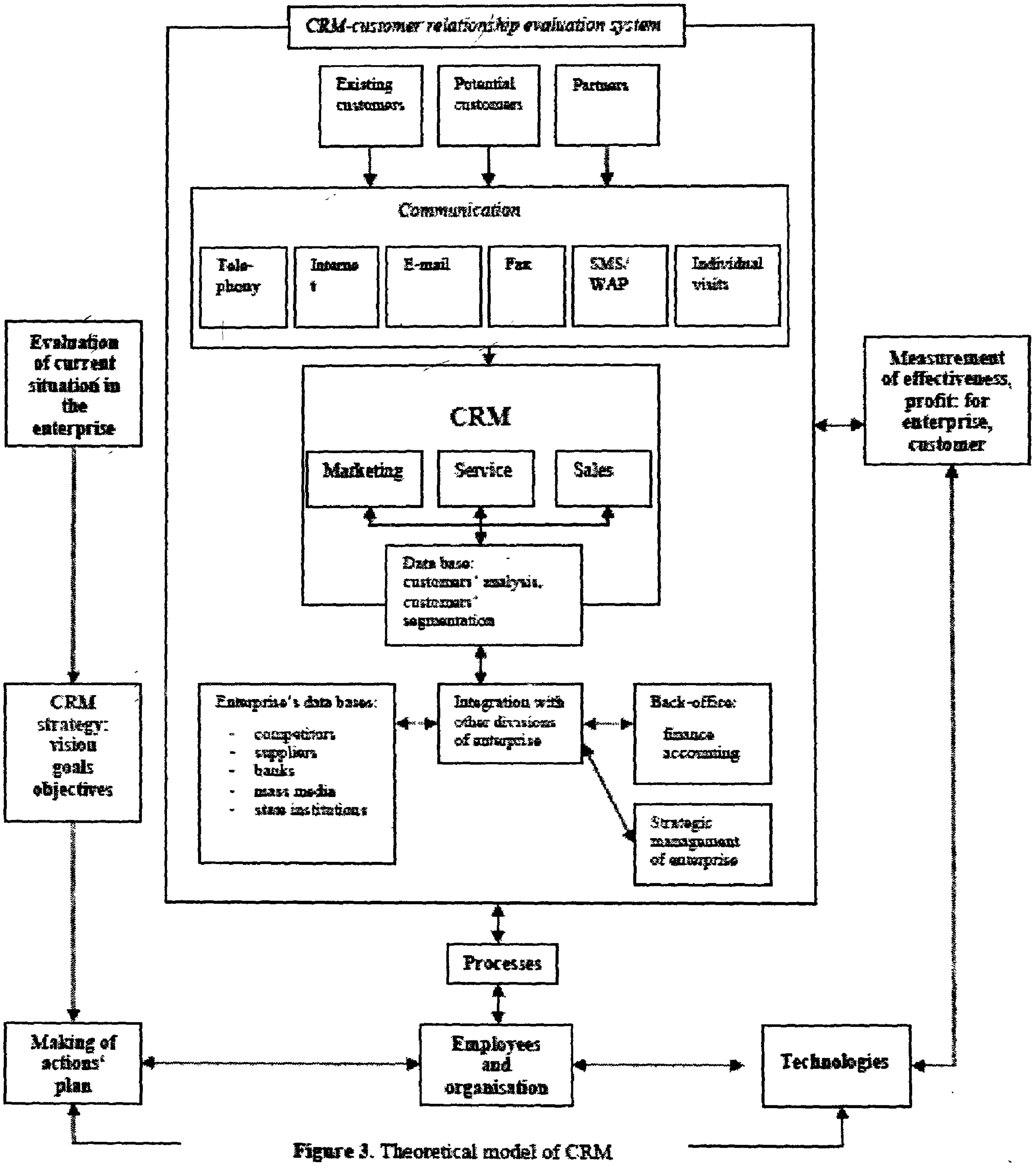


Figure 3. Theoretical model of CRM

1. CRM strategy and evaluation of current situation within an enterprise.

   Before starting the implementation works of CRM, the audit of current situation should be performed, i.e. skills of the work with customers, wrong decisions and failures, competitors, partners, customers are analyzed as well as enterprise's needs to establish CRM system are also identified. The CRM

strategy is the basis for the creation and implementation of customer relationship system, thus this element in the model is seen behind the borders of the system but not eliminated.

2. Formation of CRM system: customers, their segmentation.
The task of each enterprise is qualitative cost-effectives and profitable service of customers. In order to attain the goal, it is necessary to pay more attention to such value - creating means related to customers' service as selling development, loyalty development, data collection, customers' segmentation, customers' service when the enterprise itself initiates it, etc In the model the customers' element is primary and the most important.

3. Communication channels of interaction; Information sources and data base.
In the model they are secondary, but they guarantee technological functioning of CRM, as well as they allow proper analysis of the information and formation of customers databases.

4. Employees and an organization itself. CRM projects often are of huge degree and most frequently cause reorganization of usual processes, the change of set goals and the way of customers' management. Having chosen CRM as strategic medium, it has to necessarily penetrate within a whole organization and remain in the focus of attention in any activity of an organization. Enterprise's employees also have to constantly give thought how everyone should behave in order to improve relationship with customers. In the model these components of CRM creation are shown as guaranteeing system's functioning where employees have to prepare the analysis of a situation, to formulate strategy, action plans as well as to control system's efficiency and efficacy.

5. Processes.
It is necessary to determine how enterprise's processes should function and what factors can influence successful results of an enterprise. CRM project is

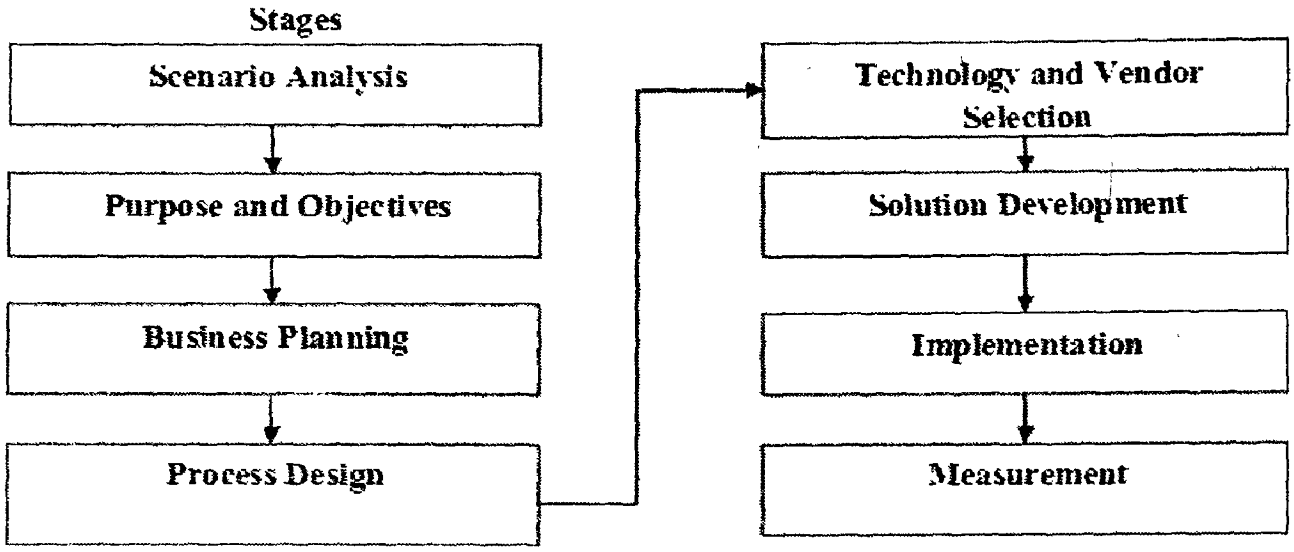
carried out for a whole organisation, thus it relates to a lot of current and new processes of an enterprise. Considering it also induces cultural changes, coordination to new circumstances, CRM project can be related to optimisation of organisation processes and management of changes. It is necessary to integrate CRM system into other processes of an enterprise. In other words, CRM system will not be useful till it is not related to other main systems of an enterprise. If CRM system is not inserted into the entirety, it will soon become a closed island. In the model it is shown as the basis for the interaction of the most important elements.

CRM Roadmap for Business Applications

- CRM is an enterprise-wide initiative as it aims at integrating the front-end customer facing systems with the backend systems that actually deliver the product and value to the system.
- Defining a CRM strategy involves not only the top management but also the enterprise as a whole with all functional areas.
- CRM implementation requires change management because almost all aspects of a business viz. processes, goals, orientation, focus, technology, performance and effectiveness metrics are subject to change.

CRM Implementation roadmap

- Helps a firm to develop a positive cultural acceptance of CRM.
- Enables the firm to deal with the organizational changes, new businesses, customer needs and CRM technologies.



UNIT – IV

UNIT – IV CRM PLANNING AND IMPLEMENTATION
Strategic CRM planning process – Implementation issues – CRM Tools- Analytical CRM – Operational CRM – Call centre management – Role of CRM Managers.

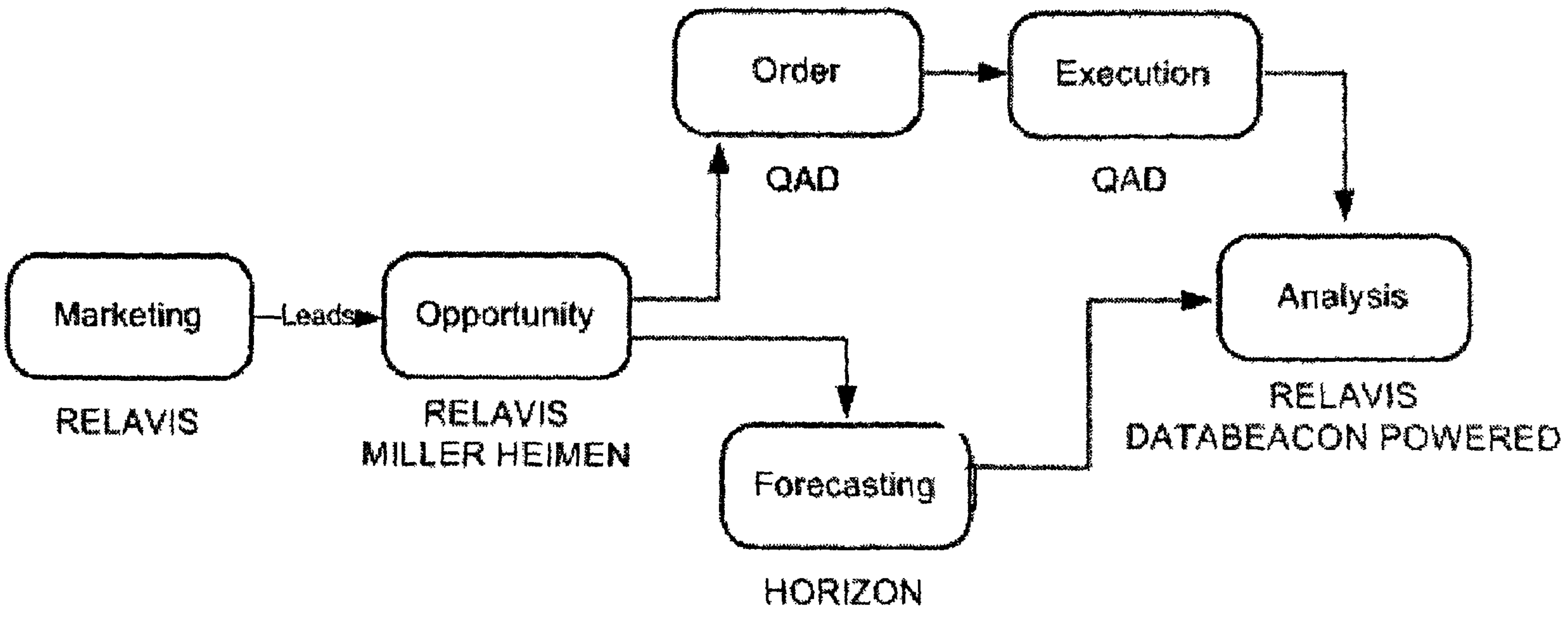
Customer Relationship Management: Implementation Process Perspective in ERP

ERP Selection

Since there were two different ERP systems in the company, with one mail system, it was difficult for the company to choose the right CRM system. In the end, a relatively unknown system called Relavis was selected as the preferred ERP system. Relavis was chosen because it tightly integrated with IBM Lotus Notes which is the common infrastructure across the whole enterprise. Relavis is a small company. The product is more economical than a Seibel, SAP or Oracle. The system has modules to cater to eMarketing, eSales and eService. The scope covered sales and marketing processes and followed the 'service

platform' approach. A service platform integrates multiple applications from multiple business functions (in this case, sales, marketing, engineering), business units or business partners to deliver a seamless experience for the customer,

employee, manager or partner. As shown in Figure 1, the new system (Relavis) was implemented to gain integrated information from marketing and sales departments to provide input to the ERP and Data warehousing applications and finally create analytical reports to make better business decisions e.g. to understand the sales results of specific leads, recommend better selling techniques and target specific leads etc. The new application could track the status of a lead through all stages of the sales and marketing lifecycle.



<u>Enterprise's CRM Implementation Overall Process Flow</u>

Marketing was working on branding strategies and segmentation. Events were managed by marketing. These events would come up with a huge number of leads for new opportunities and marketing wanted to handover leads to sales. Sales filtered the leads from marketing and their own sources into opportunities.

Opportunities were defined as those having specific sales persons assigned. These accounts were carefully evaluated to see if they fit with company's overall strategy of increasing revenue and profitability by solution selling. The Miller Heiman Process was used to capture relevant information on the opportunity and the blue-sheets of Miller Heiman were closely monitored by VP Sales and top management. The non-strategic product sale was channelled to distributors and agents. Consolidated forecast numbers were reviewed by senior management on a regular basis. Orders that were received were executed.

IMPACT

The system was packaged software, with very minimal customization. The only additions to the software were the Business Intelligence part and electronic Miller Heiman blue-sheet fostrategic opportunities and gold-sheets for Large Accounts. Some key users were involved in the decision-making. The project implementation plan was received well by all. The IT department made sure that the project was driven by sales for the eSales module and marketing for the eMarketing module. A steering committee comprised of senior managers of each country (called REPCOTE or Relavis Pacific COre TEam) was formed to drive the implementation. IT took the role of being facilitator.

[illegible]

ID	Task Name	Duration
1	Infrastructure readiness	2 days
2	Get Licenses	1 day
3	Synch with Lotus Notes team on training	0.1 days
4	Client PCs / Notebooks and network connecti	0.1 days
5	Give training sys implementn doc to local IT s	1 day
6	Process Mapping	5 days
7	Sales process data gathering	3 days
8	"To-be" Sales process mapping	1 day
9	"To-be" Support process map	1 day
10	Data cleanup	15 days
11	Send excel formats to countries	1 day
12	Identify account-supporting documents to be	1 day
13	Existing - MFG/PRO data	4 days
14	Update MFG/PRO customer data with lat	3 days
15	Download cust, add, contact, type ... to e	1 day
16	Contact data (non-MFG/PRO sources)	2 days
17	Update data to Relavis	1 day
18	Upload existing customer activities into Relav	5 days
19	Review business rules	1 day
20	Train users	4 days
21	Configure user profiles and relationships	0.5 days
22	Install Training Database in all users	0.5 days
23	Miller Heiman eLearning	0 days
24	Notes training	1 day
25	Calendaring, sharing calendars, to-do lis	1 day
26	Relavis training	2 days
27	Relavis Product training	1.5 days
28	Business intelligence	0.1 days
29	Horizon screen-show	0.2 days

With the implementation, sales believe that the whole process needs to be changed. Business Process Maps with the process, key performance indicators (KPIs), responsibilities and systems were drawn up for possible scenarios. After training, in local languages (Japanese, Korean, Mandarin-Chinese), the users were comfortable. A pre-cursor course of general Lotus Notes training was offered to make sure that users were comfortable with functions such as calendaring, to-do lists, etc. An audit of the implementation is planned for the end of the year to find out key success factors and lessons learnt from the implementation. Besides facilitation of documentation about effectiveness of the new system, this audit also provides a baseline measure for future reference. It is best if the audit can provide information about monetary and non-monetary benefits. For example, a balanced scorecard (BSC)

approach, a framework developed by Kaplan and Norton, can be adopted. The BSC is organized around four different perspectives: financial; customer (user, or internal customers); internal business processes; and innovation, learning and growth. This approach provides a balance between quantitative and qualitative outcome measures. This project provides company a chance to look for the potentials of virtual office, business process reengineering and knowledge management activities. Knowledge is best to capture in work groups and projects by direct definition by humans, extraction from successful practice, verification and experience. The potential benefits derived here should not be underestimated.

Analytical CRM

It builds on operational CRM and establishes informationon customer segments, behaviour and value using statistical methods. It is useful for management and evaluation purposes, the operational customer data are integrated with a centralized data warehouse which isconsolidated data based on certain criteria (e.g. sales, profits). Here thedata mining tool analyses defined dimensions, e.g. compares the characteristics of one customer with another, leading to the determination of a customer segment and thus providing the basis for a targeted marketing campaigns.

Operational CRM

It supports front office processes, e.g. the staff in a call center. Operational integration points exist to human resource systems for user data and ERP systems for transferring order information which was captured e.g. from a call center representative [10]. From an operations perspective, Bose [28] pointed out that CRM is an integration of technologies and business processes that are adopted to satisfy the needs of a customer during any given interaction.

CALL CENTER MANAGEMENT

Perhaps the most critical operational function in the call center is making sure enough people are on the phones to respond to callers with a minimum of delay. The process of making this happen is called workforce management. It is defined as the art and science of getting the "just right" number of staff in place every period of the day to meet service levels while minimizing cost. The goal is to have the precise number

needed every single half-hour of the day—not too many and not too few. The process of workforce management is complicated by the fact that the incoming call center workload is out of the call center's control. The telephone call workload arrives whenever customers decide to place a call. While the call center does have control over workload in an outbound center, that work is also influenced by the customer because the center works to call at the best time to find the customer available and willing to take a call. The workforce management process is both an art and a science. It is an art because it is, after all, predicting the future. The accuracy of any staffing plan will be due in some part to judgment and experience. But workforce management is also a science—a step-by-step mathematical process that uses historical data to predict future events. A working knowledge of these specialized statistical techniques is critical for every call center manager. And organizations that have workforce management software that automates the forecasting and scheduling process must understand these calculations to verify the accuracy of results and, perhaps more importantly, to explain the numbers to management. Workforce management is critical to the success of every call center. Here are the basic steps of the workforce

Management process:

1. Gather and analyze historical data.
2. Forecast call workload.
3. Calculate staff requirements.
4. Create staff schedules.
5. Track and manage daily performance.

FORECASTING WORKLOAD

The next stage in the process translates the raw data into a prediction of what is coming for a future month. There are several approaches to get to this forecast:

Point Estimate

This is the simplest approach and assumes that any point in the future will match the corresponding point in the past (i.e., the first Monday in April next year will be the same as the first Monday in April of this year). This approach has obvious shortcomings in that it does not account for any upward or downward trends in

calling patterns, increases in promotion, or a changing tobacco control-related policy landscape.

Averaging Approach

There are a variety of methods that incorporate simple mathematical averaging, ranging from a simple average of several past numbers to a moving average that drops out older data when new numbers are available. The most accurate averaging approach involves weighted averaging, which gives more weight to recent events than to older events. While the weighted-average approach is probably the closest to what an actual forecast would be, it still misses the upward trend that occurs in most call center data that simply cannot be identified and incorporated by averaging together old numbers.

Time Series Analysis

The recommended approach for call center forecasting involves a process called time series analysis. This approach takes historical information and allows for the isolation of the effects of trends (the rate of change) as well as seasonal or monthly differences. Most call centers use this approach, and it serves as the basis for most of the automated workforce management forecasting models. The basic assumption is that call volume is influenced by a variety of factors over time, and that each of the factors can be isolated and used to predict the future. There are many internal and external factors that influence the call center's workload, and the smart workforce planner will use a process that considers all of them. The workforce planning process must incorporate all of the various influences on call center workload in preparing and fine-tuning the forecast.

CALCULATING STAFF REQUIREMENTS

Once the forecast is in place, the next step is calculating staff requirements to meet service goals. Bearing in mind the call volume forecasts and some assumptions about AHT, workload is calculated by multiplying the number of forecasted calls for an hour by the AHT of a call. The workload number is then used to determine how many base staffers are needed to handle the calls. What makes staffing for a call center different from any other kind of staffing situation is that this workload does not

represent typical work patterns. In an incoming call center, the work does not arrive in a back-to-back fashion. Rather, the work arrives whenever customers decide to place calls. The workload is random instead of sequential. This leads to the most important rule of call center staffing: You must have more staff hours in place than hours of actual work to do.

How many extra staff is needed? The number of staff needed depends on the speed-of-answer goal that the call center wishes to reach. Obviously, the more staff available, the shorter the delay will be. The fewer the staff, the longer the caller will wait. Determining what happens with a given number of resources in place to accomplish a defined amount of workload requires a mathematical model that replicates the situation. There are several telephone traffic engineering models available, and one of these is particularly suited to the world of incoming call centers. Most call centers use a model called Erlang C that takes into account the randomness of the arriving workload as well as the queuing behavior (holding for the first available agent) of the calls.

MANAGING DAILY STAFFING AND SERVICE

Now that the many factors that go into assigning workforce schedules have been defined, the next step is managing the schedules on a daily basis and making needed adjustments. After gathering and analyzing mounds of historical information to arrive at a call forecast, calculating the number of staff needed by half-hour to meet speed-of-answer goals, and juggling schedules to arrive at a reasonable mix of efficiency and acceptability, the center must make sure the plan is working.

There are three steps in the daily performance tracking process: tracking and analysis, communications, and reaction. Tracking performance means tracking the three elements that affect service: call volume, AHT, and staffing levels.

These three components should be tracked throughout the day to see what the impact is on net staffing. Tracking should start early in the day and the numbers should be watched for significant patterns. As soon as a trend is spotted, reforecast based on the new numbers and predict what net staffing will be for the remainder of the day. If the problem is caught in time, it can be fixed before it is too late to meet service goals.

While all three numbers should be tracked against one another and used to calculate net staffing, there are single numbers of half-hour performance that may provide a quicker indication that a call center is in trouble. These measures of call center performance can indicate if all is well or about to get out of hand. For this snapshot of performance, some call centers use a measure of the number of calls in queue. They may set a threshold so that as soon as a certain number of waiting calls exists in the queue, a reactive process occurs. Others define a limit on the age or length of the oldest call in queue. When the wait time exceeds that limit, a reaction is imminent.

These two measures are useful as warning signals, but using them to initiate adjustments may be ill advised. Think instead of setting and meeting service objectives as one half-hour race, rather than six five-minute sprints. While an exceedingly high number of calls in queue at any given time might be alarming, this number is likely to go back to normal within five or 10 minutes as breaks overlap or the natural ebb and flow of random calls happens. The call center should evaluate carefully before using these real-time measures to drive changes and adjustments.

CLIENT RELATIONSHIP MANAGER (CRM) ROLE

The primary role of the CRM is to manage the relationship between the business and HMRC across all taxes and duties. This role includes being responsible and accountable for:

- Preparing an integrated risk assessment for the business andthen sharing the HMRC view of risk with the business, both to identify and resolve any differences of view and to involve the business in planning future interventions at the business.
- Ensuring that interventions, e.g. system audits and enquiries, fully reflect the risks at the business and are carried out effectively, making appropriate use of the range of specialist resource available within HMRC and ensuring that issues are resolved in line with the HMRC approach to settlement and litigation. More details are provided below on the CRM's role in resolving issues.

- Responding to queries and requests for clearance from the customer in a timely fashion and ensuring that HMRC meets agreed deadlines.
- Keeping the business informed about how their issues are progressing and when they can expect a response to a request and why, exceptionally, some issues might take longer because of their inherent complexity or difficulty.

……………………END OF UNIT 4……………………

UNIT- V

UNIT – V TRENDS IN CRM
e- CRM Solutions – Data Warehousing – Data mining for CRM – an introduction to CRM software packages.

e- CRM Solutions

eCRM is the term that some people have used to describe the customer facing portion of the CRM. The term usually implies capabilities like self service knowledge bases, automated e-mail response, personalization of web content, online product, bundling and pricing etc.

eCRM gives the internet users the ability to interact with the business through their preferred communication channel and it allows the business to offset expensive customer service agents with technology. So the value is largely one of improved customer satisfaction and reduced cost through improved efficiency.

eCRM describes the broad range of technologies used to support a company's CRM strategy. It can be seen to arise from the consolidation of traditional CRM with the e-business applications marketplace. Bradway and Purchia see eCRM as the intersection between two important industry initiatives, the booming Internet market and the shifting focus to customer-centric strategies. eCRM is sometimes referred to as web-enabled or web-based CRM and emerging from this view eCRM has been defined by Forrester Researches a web centric approach to synchronizing customer relationships across communication channels, business functions and audiences'. Lee Kelley et al. highlight the relative lack of literature in this domain and suggest as a working definition that eCRM refers to 'the marketing activities, tools and techniques delivered via the Internet which includes email, world wide web,chat rooms, e-forums, etc., with a specific aim to locate, build and improve long term customer relationships to enhance their individual potential'

Typically electronic and interactive media such as the Internet and email are seen as playing the most significant role in operationalizing CRM as they support effective customized information between the organisation and customers. However, eCRM can also include other e-technologies and new echannels including mobile telephony, customer call and contact centers and voice response systems. The use of these technologies and channels means that companies are managing customer interactions with either no human contact at all, or involving reduced levels of human intermediation on the supplier side.

The emergence of mobile commerce has led to the introduction of new products, new ways of selling products to customers and new learning curves for companies in terms of how to manage interactions with customers.

For example, financial organisations across Europe are now beginning to take advantage of mobile marketing services and in particular mobile banking, based on wireless application protocol (WAP) technology, as a powerful new marketing tool to build long lasting and mutually rewarding relationships with new and existing customers Most major banks are using mobile CRM in some form as a new channel for customer acquisition, as SMS text messaging is still in a growth mode in new market segments, and also to project a new image for the company. Mobile operators such as Vodafone and health care providers such as VHI have also used SMS text messaging to enhance customer relationships. Mobile channels, especially SMS, are seen as immediate, automated, reliable, personal and customised options providing an efficient way to reach customers directly and to manage customer relationships.

In December the largest bank in Italy, Banc Intesa, announced it would introduce a comprehensive mobile banking service. Alongside SMS and WAP functions, multimedia messaging is also available for banking transactions for the first time in the world. The service is initially available to the bank's on-line banking customers. Other sectors exploring mobile CRM include retailing. This implies that eCRM using mobile marketing may indeed offer an effective way to reach, and build relationships with, demanding customers in rapidly changing .

Another e-technology offering companies opportunities for managing customer interactions is voice response systems. In eircom, Ireland's largest telecommunications company and former incumbent, introduced the user friendly eircom Voice Recognition (e-VR) system which uses the latest voice recognition technology, giving over one million eircom customers instant access to fault, billing, account and payment enquiries. The system handles over calls per week. This has meant that many services are now available which increases customers' choice of when they can conduct business with eircom. The specific goals of the project included driving costs out of the call centre, increasing customer service quality and also differentiating the eircom brand in a fiercely competitive marketplace.

This introduction demonstrates innovation in the management of business information and knowledge within eircom and has shown the positive impact that speech technology can have on business efficiency and customer service.

Since the on-line world and e-technologies have become such an integral part of day-to-day business and as they appeal to such a mass global universe of consumers, businesses are constantly searching for innovative yet cost-effective ways to reach remote customers, moving eCRM from a 'nice to have' methodology to a 'must have' methodology. This paper now explores the opportunities and challenges facing companies engaging with eCRM technologies.

As e-technologies continue to develop into the future in tandem with the proliferation of an e-customer base, companies must attempt to harness the opportunities available to deliver sustainable competitive advantage in the digital world of eCRM.

To inform such strategies there is an ongoing need to examine how companies are translating investments in eCRM technologies into sustainable competitive advantage in the marketplace. The role of eCRM in the development and management of multi-channel strategies is also an issue for further research. It can be difficult for companies to put in place the correct metrics to evaluate eCRM strategies, and further research on gauging the effectiveness of eCRM through performance measurements within organisations would be useful. Though the literature on self-service

technologies is growing there is an ongoing need to examine the response of customers to a company's eCRM strategies.

Given the complexity of the issues involved in data integration and the significant role it plays in achieving eCRM's goals, it also appears an area ripe for further research. It is suggested that eCRM has the potential to alter business processes significantly and as a result interdisciplinary approaches examining the impact of technology innovations on marketing are needed. Though research is available on design concepts for CRM systems dealing with data processing, mining and analytical techniques, the focus within marketing business academe has been on the front end of eCRM applications with limited investigation of IT issues with a marketing-oriented focus. There is recognition in the academic literature of the marketing benefits and the IT challenges of eCRM, but these appear almost separately. At the moment a knowledge gap exists between the adoption and implementation of eCRM in practice and robust research based insights and principles. This paucity of academic research needs to be addressed given the positioning of eCRM as the latest paradigm of relationship marketing in the e-world.

Data mining techniques for customer relationship management

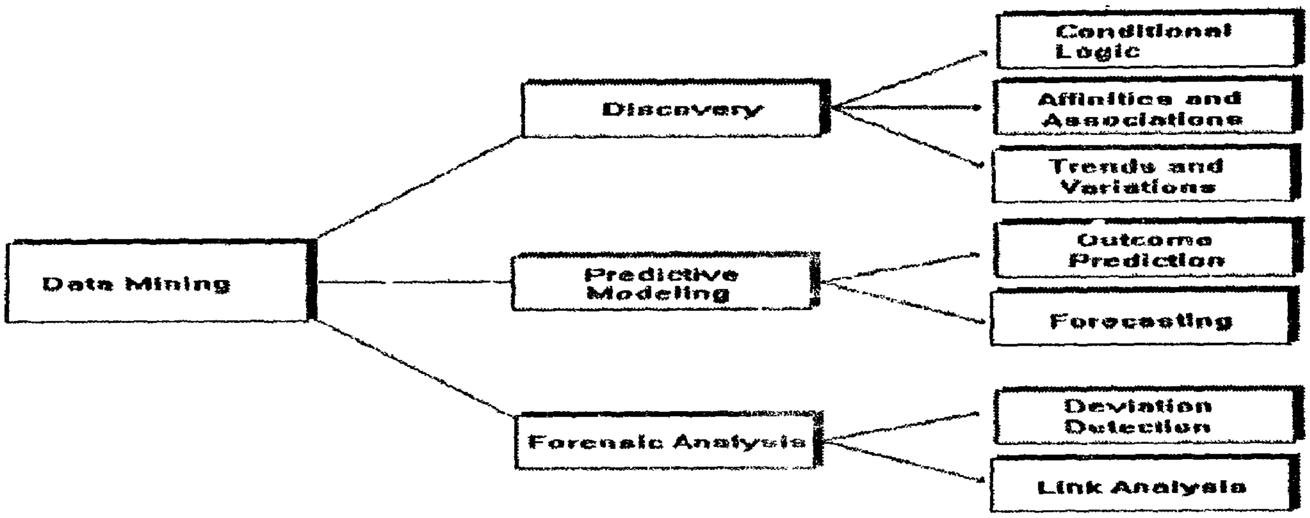
"Data mining" is defined as a sophisticated data search capability that uses statistical algorithms to discover patterns and correlations in data . The term is an analogy to gold or coal mining; data mining finds and extracts knowledge ("data nuggets") buried in corporate data warehouses, or information that visitors have dropped on a website, most of which can lead to improvements in the understanding and use of the data. The data mining approach is complementary to other data analysis techniques such as statistics, on-line analytical processing (OLAP), spreadsheets, and basic data access. In simple terms, data mining is another way to find meaning in data.

Data mining discovers patterns and relationships hidden in data, and is actually part of a larger process called "knowledge discovery" which describes the steps that must be taken to ensure meaningful results. Data mining software does not, however, eliminate the need to know the business, understand the data, or be aware of general

statistical methods. Data mining does not find patterns and knowledge that can be trusted automatically without verification. Data mining helps business analysts to generate hypotheses, but it does not validate the hypotheses

Applications of data mining

Data mining tools take data and construct a representation of reality in the form of a model. The resulting model describes patterns and relationships present in the data. From a process orientation, data mining activities fall into three general categories.



- ***Discovery***—the process of looking in a database to find hidden patterns withouta predetermined idea or hypothesis about what the patterns may be.
- ***Predictive Modeling***—the process of taking patterns discovered from the database and using them to predict the future.
- ***Forensic Analysis***—the process of applying the extracted patterns to find anomalous
  or unusual data elements.

Data mining is used to construct six types of models aimed at solving business problems: classification, regression, time series, clustering, association analysis, and sequence discovery. The first two, classification and regression, are used to make predictions, while association and sequence discovery are used to describe behavior. Clustering can be used for either forecasting or description. Companies in various industries can gain a competitive edge by mining their expanding databases for valuable, detailed transaction information. Examples of such uses are provided below. Each of the four applications below makes use of the first two activities of data

mining: discovery and predictive modeling. The discovery process, while not mentioned explicitly in the examples (except in the retail description), is used to identify customer segments. This is done through conditional logic, analysis of affinities and associations, and trends and variations. Each of the application categories described below describes some sort of predictive modeling. Each business is interested in predicting the behavior of its customers through the knowledge gained in data mining.

Data mining techniques

A top-level breakdown of data mining technologies is based on data retention. In other words, is the data retained or discarded after it has been mined. In early approaches to data mining, the data set was maintained for future pattern matching. The retention-based techniques only apply to tasks of predictive modeling and forensic analysis, and not knowledge discovery since they do not distill any patterns. Approaches based on pattern distillation fall into three categories: logical, crosstabulation, and equational. These technologies extract patterns from a data set and then use the patterns for various purposes. They ask, "What types of patterns can be extracted and how are they represented?" The logical approach deals with both numeric and non-numeric data. Equations require all data to be numeric, while cross tabulations work only on non-numeric data.

Data mining and customer relationship management

It should be clear from the discussion so far that customer relationship management is a broad topic with many layers, one of which is data mining, and that data mining is a method or tool that can aid companies in their quest to become more customer-oriented. Now we need to step back and see how all the pieces fit together.

The relationship

The term "customer lifecycle" refers to the stages in the relationship between a customer and a business. It is important to understand customer lifecycle because it relates directly to customer revenue and customer profitability. Marketers say there are three ways to increase a customer's value: increase their use (or purchases) of products they already have; sell them more or higher-margin products; and keep the customers for a longer period of time.

However, the customer relationship changes over time, evolving as the business and the customer learn more about each other. So why is the customer lifecycle important? Simply put, it is a framework for understanding customer behavior. In general, there are four key stages in the customer lifecycle:

1. ***Prospects***—people who are not yet customers but are in the target market
2. ***Responders***—prospects who show an interest in a product or service
3. ***Active Customers***—people who are currently using the product or service
4. ***Former Customers***—may be "bad" customers who did not pay their bills or who incurred high costs; those who are not appropriate customers because they are no longer part of the target market; or those who may have shifted their purchases to competing products.

The customer lifecycle provides a good framework for applying data mining to CRM. On the "input" side of data mining, the customer lifecycle tells what information is available. On the "output" side, the customer lifecycle tells what is likely to be interesting.

Looking first at the input side, there is relatively little information about prospects except what is learned through data purchased from outside sources. There are two exceptions: one, there are more prospecting data warehouses in various industries that track acquisition campaigns directed at prospects; two, click-stream information is available about prospects' behavior on some websites. Data mining can predict the profitability of prospects as they become active customers, how long they will be active customers, and how likely they are to leave.

In addition, data mining can be used over a period of time to predict changes in details. It will not be an accurate predictor of when most lifecycle events occur. Rather, it will help the organization identify patterns in their customer data that are predictive. For example, a firm could use data mining to predict the behavior surrounding a particular lifecycle event (e.g., retirement) and find other people in similar life stages and determine which customers are following similar behavior patterns.

The outcome of this process is marketing data intelligence, which is defined as "Combining data driven marketing and technology to increase the knowledge and understanding of customers, products and transactional data to improve strategic decision making and tactical marketing activity, delivering the CRM challenge". There are two critical components of marketing data intelligence: customer data transformation and customer knowledge discovery. Raw data extracted and transformed from a wide array of internal and external databases, marts or warehouses and the collecting of that total data into a centralized place where it can be accessed and explored is data transformation. The process is continued through customer knowledge discovery, where the information is mined, and usable patterns and inferences can be drawn from the data. The process must be measured and tracked to ensure that the results fed to campaign management software produce information that the models created by data mining software find useful and accurate.

Data mining plays a critical role in the overall CRM process, which includes interaction with the data mart or warehouse in one direction, and interaction with campaign management software in the other direction. In the past, the link between data mining software and campaign management software was mostly manual. It required that physical copies of the scoring from data models be created and transferred to the database. This separation of data mining and campaign management software introduced considerable inefficiency and was prone to human error. Today the trend is to integrate the two components in order to gain a competitive advantage.

Firms can gain a competitive advantage by ensuring that their data mining software and campaign management software share the same definition of the customer segment in order to avoid modeling the entire database. For instance, if the ideal segment is high-income males between the ages of 25 and 35 living in the northeast, the analysis should be restricted to just those characteristics. In addition, the selected scores from the predictive model should flow directly into the campaign segment in order to form targets with the highest profit potential.

AN INTRODUCTION TO CRM SOFTWARE PACKAGES.

Customer Relationship Management (CRM) Software

Customer Relationship Management Software, or CRM Software, is a large class of software programs essentially designed to help businesses manage their customer information. The concept of Customer Relationship Management Software is a bit unclear for most people and in today's business environment the term CRM Software has broadly come to mean any program that can manage customer information.

CRM Software does what?

Customer Relationship Management Software to most people means a program that helps manage customer information. This is true; but the same can be said of other types of programs. There are three basic groups of customer management software. The first group being Contact Management which allows businesses the ability to organize and manage their customers and accounts, track all the associated communication and events, and perform follow ups. The second group is Sales Force Automation (SFA) which includes all the abilities of Contact Management and adds features to track sales opportunities, review all related correspondence and events, and report on the sales pipeline and related data.

Customer Relationship Management Software makes up the third group and provides all the abilities of the first two as well as abilities for tracking invoices, integrating accounting, organizing order information, and more. CRM Software typically provides the ability to track and organize every aspect of a relationship with a

customer from the point of first identification as a lead through and beyond the point that they are an ongoing customer.

Who needs CRM Software?

Customer Relationship Management Software can be a major undertaking, with the cost for many systems over several million dollars and the implementation period lasting a year or more. Before making a commitment like this, every business should ask if they require a full CRM Software program. The key is to evaluate what the business needs are.

If the focus is to organize the customer and company information and be able to easily follow up with clients, then Contact Management Software will provide what is needed. For sales based businesses that need to track all customer correspondence and activities as well as tracking the sales process and performance, Sales Force Automation Software is likely the solution. For larger businesses that need to track customer and sales information as well as accounting, ordering, reconciliation, support, and all other aspect of customer contact then CRM Software may be the way to go.

Customer Relationship Management Software is a big step

As previously noted CRM Software can cost millions of dollars and take years to fully implement. This can, in part, be due to the complexity of the systems. Many provide every feature a business could need to manage all aspects of customer contact, including accounting, support, marketing, sales and so on. The systems can be so feature rich that users have a difficult time learning all the functions they are required to use. In many situations businesses find their employees working with only the sections of the CRM Software that are essential and entire modules go unused. This can be a source of frustration and create inconsistencies in the customer data. This often makes having CRM Software worse than not having it.

An educated choice for CRM Software

The first step is to evaluate exactly what the company needs to accomplish. Look at how things are done now, what things need to be changed, and what things need to

stay the same. Evaluate all your options for CRM Software, and consider creating a system personalized for your business. If your accounting software is working well and you do not wish to change it, consider adding a Sales Force Automation program that will permit you to create your own custom Customer Relationship Management system.

Many businesses find that by carefully looking for the functionality they need, they can essentially create their own CRM Software system by putting together carefully chosen programs. A program like Prophet 5, which provides advanced Contact Management and Sales Management, working in association with a well chosen accounting software and support software will provide you with a Customer Relationship Management system that is chosen for the exact features and functions your business needs.

........................END OF UNIT 5.................................

QUESTION BANK

1. Mention the objectives of CRM
2. Which medium can do all 3 marketing activities & what are they?
3. Define - CRM
4. Define – Customer Lifetime Value.
5. Mention 3 status of present market scenario.
6. Mention 2 factors that initiate new market trend.
7. Define - Perception.
8. Mention 3 factors that needed for CRM.
9. What factors needed focus apart from customers?
10. Write any two aspects of Marketing Orientation.
11. Mention evolution concept of marketing
12. Mention the parts of a Customer Profile
13. Which medium can do all 3 marketing activities & what are they?
14. What do you mean by Customer perception?
15. What do you mean by CLV?
16. What are the elements of CRM?.
17. Mention 2 factors for Customer Acquisition.
18. Define CRM Process.
19. Mention any two issues of CRM implementation.
20. What factors needed focus apart from customers?
21. Write any two CRM tools.

22. Mention 3 status of present market scenario.

23. Mention 2 factors that initiate new market trend.

24. What are the characteristics of empowered customers?

25. What factors needed focus apart from customers?

26. Write any two aspects of Marketing Orientation.

27. What are the emerging trends in Marketing?

28. Write any 3 competitive advantages of using CRM in business.

29. Mention any 5 channels that a business can interface with its customers?

30. What is the advantage of having an Integrated CRM platform?

31. Write any 5 factors that are supported by Implementation tools.

32. Mention any 5 tools of CRM implementation

33. Write any 3 dimensions of CRM implementation

34. Mention the steps involved in CRM implementation

35. Define – operational CRM

36. Define – analytical CRM

37. Write 3 questions that helps to find out customer expectations.

38. What are the factors that will ensure customer delight?

CUSTOMER RELATIONSHIP MANAGEMENT

Answer any FIVE questions

All questions carry equal marks

1 Write short note:

(a) Relationship selling concept.

(b) Evaluation of CRM.

2 The role of CRM building the customer satisfaction and loyalty.

3 Write a short note:

(a) Complaint management.

(b) Sales force automation.

4 Write short note on:

(a) Components of CRM solution.

(b) Major players in CRM software market.

5 Managing the CRM project is difficult than implementing.

6 Explain the technological and operational issues in implementing CRM.

7 Steps to follow selecting quality CRM package.

8 How do you predict the future of CRM in the modern marketing scenario?

Answer any FIVE questions

1. What are the various ethical issues do you think really are road blocks in designing CRM system in an organization? Discuss.
2. What do you know about CRM? Explain how CRM is built in a business organization.
3. Discuss the role of CRM in enhancing the customer loyalty in an organization.
4. What do you understand customer retention? Explain how ERP system improves the customer retention and development.
5. Discuss the various components in customer relationship management solutions.
6. Explain the road map of CRM and discuss how you manage the CRM project effectively.
7. What are the road blocks of CRM and suggest measures to overcome them?
8. What are the technological and operational issues involved in implementation of CRM?